



# The Real Estate ANALYST

DECEMBER 31  
1946

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends. Constantly measuring and reporting the basic economic factors responsible for changes in trends and values. Current Studies Surveys Forecasts

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VOLUME XV

REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

## PRICES AND WAGES-- WILL PAST TRENDS BE REPEATED?

THE twenty-four charts on pages 378 through 381 cover most of the basic barometers of business activity in the United States, including production, employment, wages, cost of living, sales, check transactions, stock prices, construction, real estate, etc. All of the charts show the fluctuations for the period from January 1937 to the last month for which figures are available. On a few of the charts monthly figures are not available in the earliest period, but on all charts monthly figures are shown during the last few years.

If these charts are studied in groups, it will be noticed immediately that most of those which measure production of various types are below their war peaks while, on the other hand, practically all charts which measure items priced in dollars are at new highs (not true of industrial stock prices). With the end of practically all controls on prices, with the exception of the control on rents, we are now finding out what the real purchasing power of the dollar is in a free market, and we are finding this out for the first time since the war. Dollar prices, however, have risen not only because of the reduced purchasing power of the dollar due to the increase in currency and credit manufactured by the government during the war, but also because of the limited production which has been taking place at a time when almost unlimited production has been necessary.

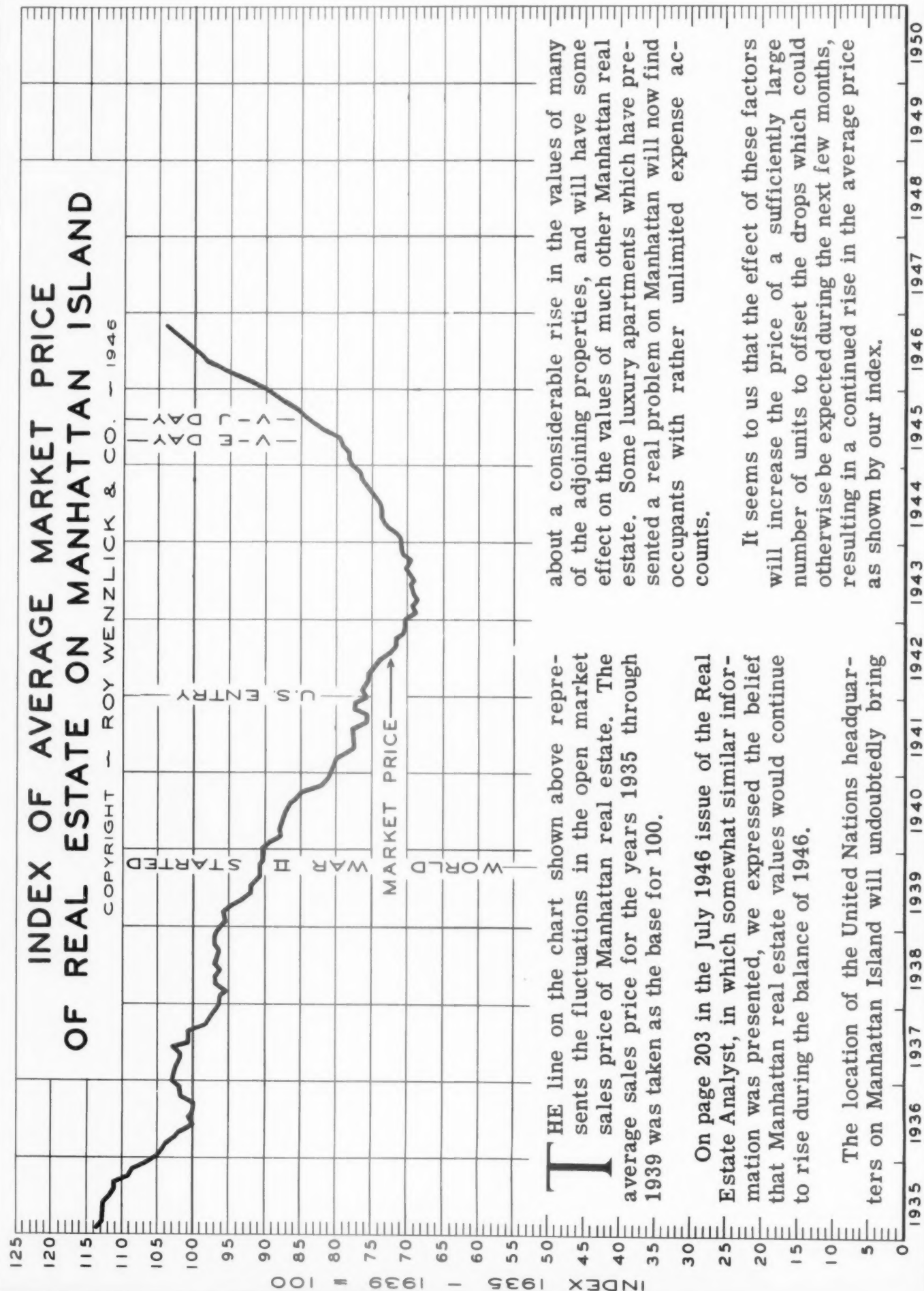
In our reports we have always claimed that the best cure for high prices was high prices, and the fact that prices have risen will bring production which all of the legerdemain of the OPA was unable to achieve. The higher prices will also restrict the demand at a time when demand far exceeded any possibility of supply. We believe that during the spring months of 1947 supply and demand for many products will come into balance and that by the later part of the year in many fields, supply will exceed demand. This will result in a lowering of prices to a level below the present but considerably above the level we left when the war started in Europe. It will be many years before the general price level can return to its prewar base due principally to the cheapening of the dollar which accompanied the financing of the war.

It seems to us that many of the factors we are studying point to a readjustment this spring or summer at the latest. We do not view this with alarm, as we believe that the eventual result of a shake-out of uneconomic factors now will be considerably better than it would be to continue gaily along under the assumption that "anything goes." A temporary recession is less to be feared when the de-

(cont. on top page 385)

# INDEX OF AVERAGE MARKET PRICE OF REAL ESTATE ON MANHATTAN ISLAND

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THE line on the chart shown above represents the fluctuations in the open market sales price of Manhattan real estate. The average sales price for the years 1935 through 1939 was taken as the base for 100.

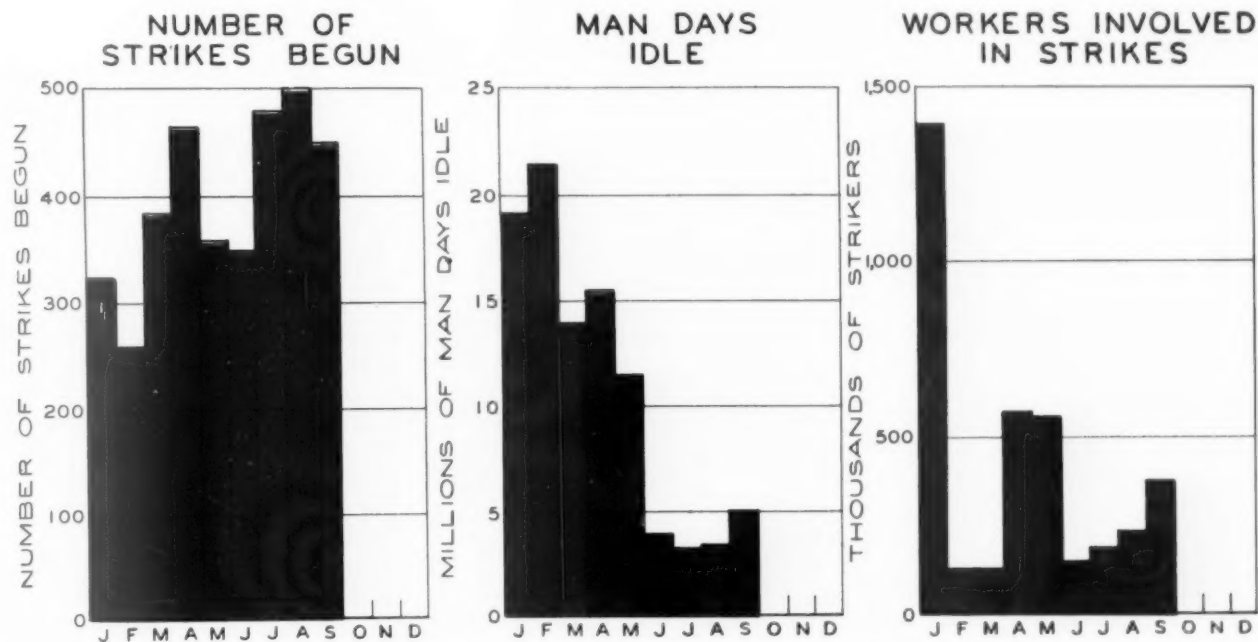
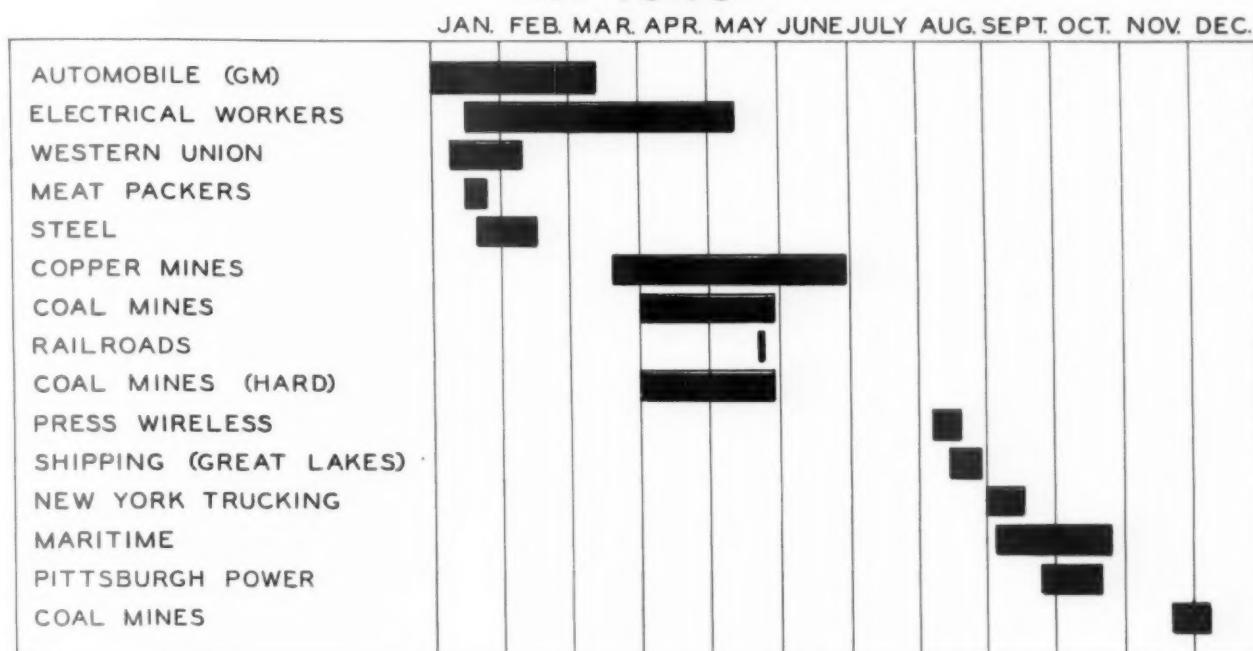
On page 203 in the July 1946 issue of the Real Estate Analyst, in which somewhat similar information was presented, we expressed the belief that Manhattan real estate values would continue to rise during the balance of 1946.

The location of the United Nations headquarters on Manhattan Island will undoubtedly bring

about a considerable rise in the values of many of the adjoining properties, and will have some effect on the values of much other Manhattan real estate. Some luxury apartments which have presented a real problem on Manhattan will now find occupants with rather unlimited expense accounts.

It seems to us that the effect of these factors will increase the price of a sufficiently large number of units to offset the drops which could otherwise be expected during the next few months, resulting in a continued rise in the average price as shown by our index.

## MAJOR STRIKES AFFECTING RECONVERSION IN 1946



**T**HE chart at the top of the page shows the periods of major strikes of national significance during 1946. The charts below show the total number of strikes begun, the man days idle, and the number of workers involved in all strikes.

Despite the fact that there were 96 days free of major strikes of national significance during 1946, the actual number of strikes begun has remained high along with its corresponding nuisance value. Unfortunately, industry as a whole cannot resume full production when the light turns green and labor returns to work. Plant shutdowns due to strikes in supplier industries usually continued long after the strikes have ended.



## THE BUSINESS OUTLOOK

**T**HE four charts on pages 382 through 384 show the rate at which prices and wages fluctuated during the war periods and postwar periods of World Wars I and II. The charts have the shorter First World War period "stretched" in order that the beginnings and the ends of the two wars will coincide, thereby allowing a closer comparison of the two periods. In all four charts the twelve-month period preceding the outbreak of hostilities has been used as the base for comparison. Chart I shows the comparison between the rate of change of wholesale commodity prices during the two wars. The effects of price control and decontrol can be noticed easily on the red line representing World War II. Black market prices are not represented in this study.

The fundamental reasons for the rise are: 1. the tremendous inflation of currency and credit during the war, the effects of which were concealed from the public by subsidies and price controls during the war period; and 2. the very poor efficiency record in man-hour production in the early postwar period.

If government budgets are balanced from here on out and if we have the fortitude to no longer increase our monetary and credit supply, increasing production this spring should gradually bring about a lowering of prices. Should a depression develop in business, prices of all commodities, but particularly luxury items, will show an accelerated drop during the latter part of 1947.

Chart 2 compares the fluctuations of Dow-Jones industrial stock averages during the two wars. Investors' apparent reluctance to stay in the market during the early part of World War II was probably caused by their later justified expectation of much higher taxation and by the fact that speculation was drastically curtailed by restriction on marginal stock purchases. This feeling of uncertainty continued along with the dropping market until several months after Pearl Harbor. At this point the nation's tremendous productive capacity began to gain recognition and the tax situation, though still bad, was at least somewhat clarified. These two factors combined to start the market upward once again.

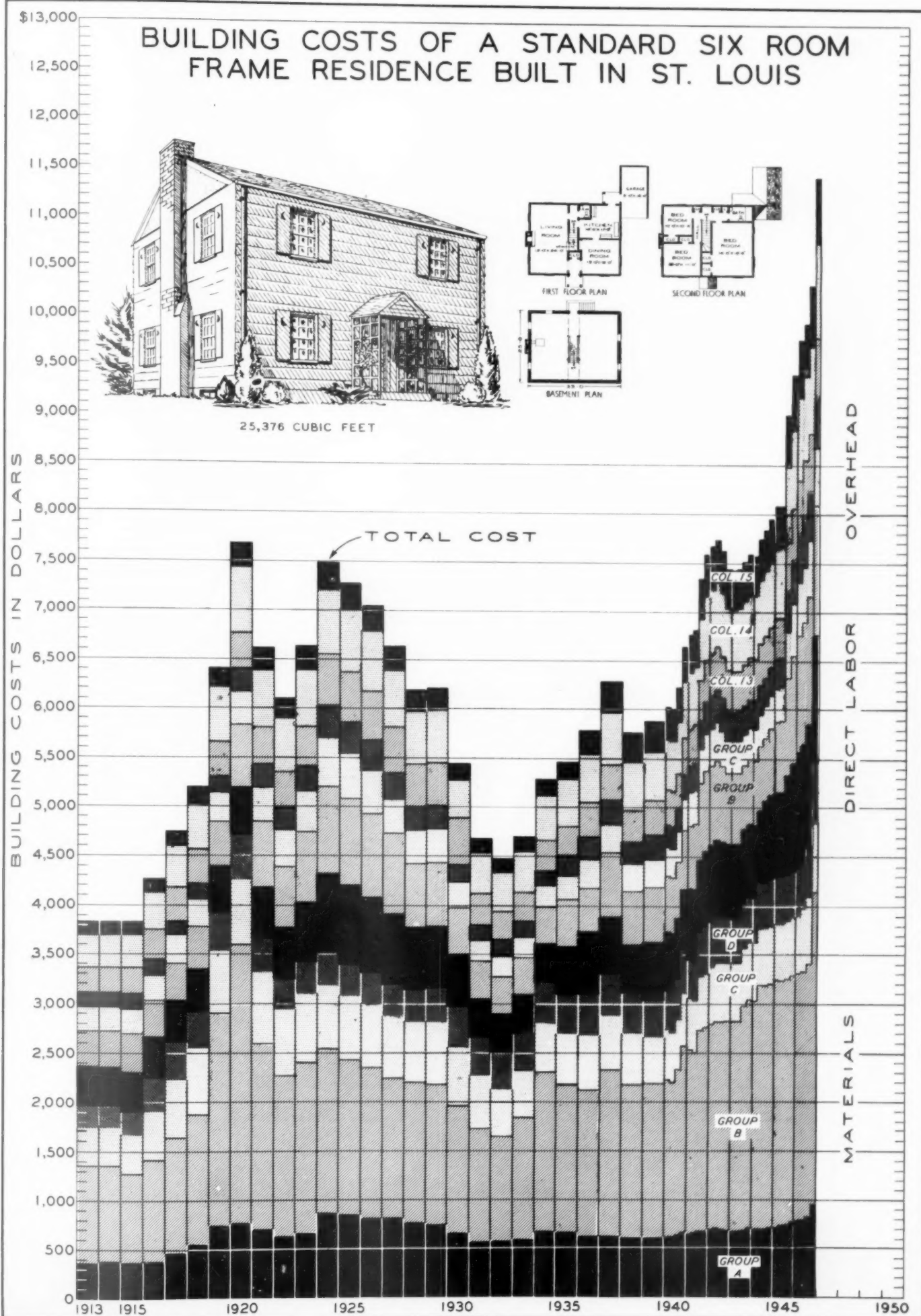
Investors at the present time are much concerned with higher labor costs and lowered labor efficiency. There is also considerable fear of a "buyer's strike," as prices on many items have advanced to the point where a large percentage of buyers are being priced out of the market. Due to government regulation, the market is unusually thin and a relatively slight change in buying or selling orders can bring about a radical change in price. It seems to us that the safest course at the present time is to watch the market from the sidelines.

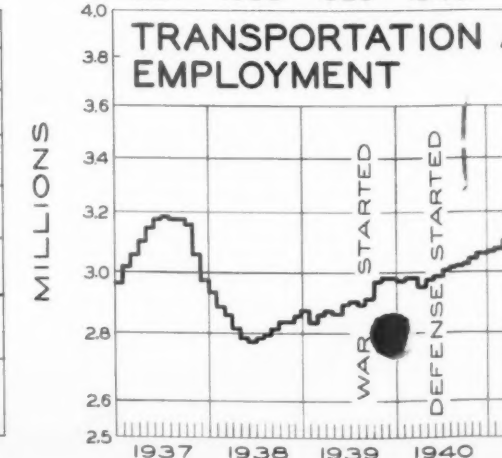
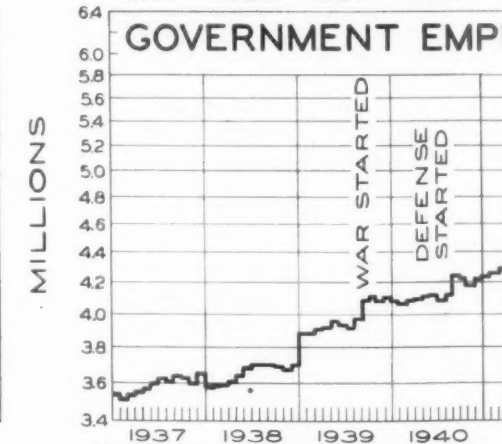
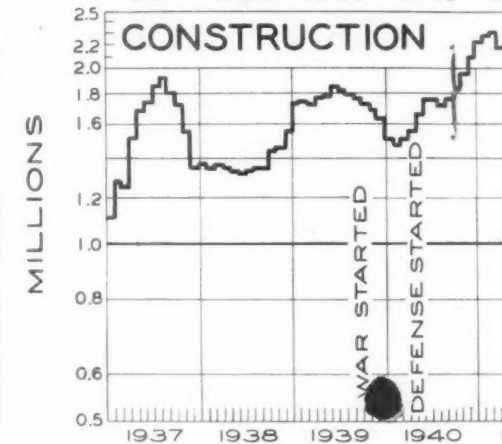
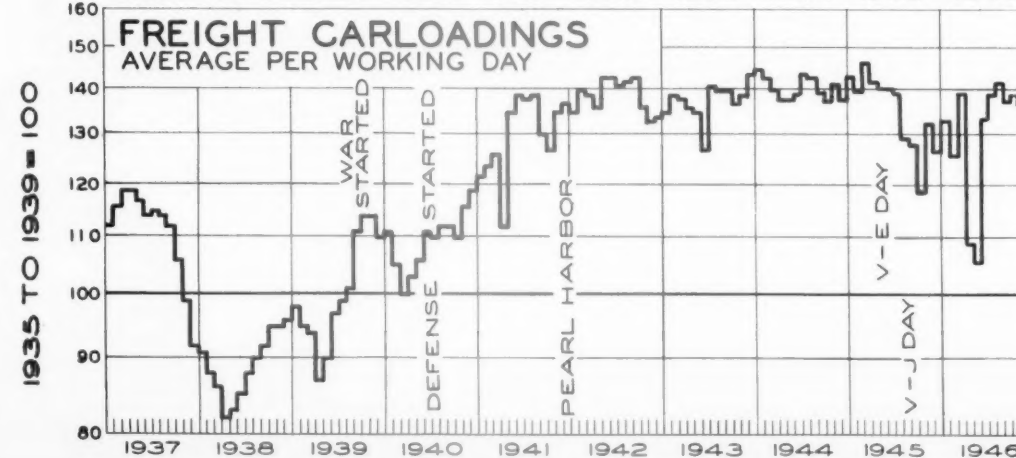
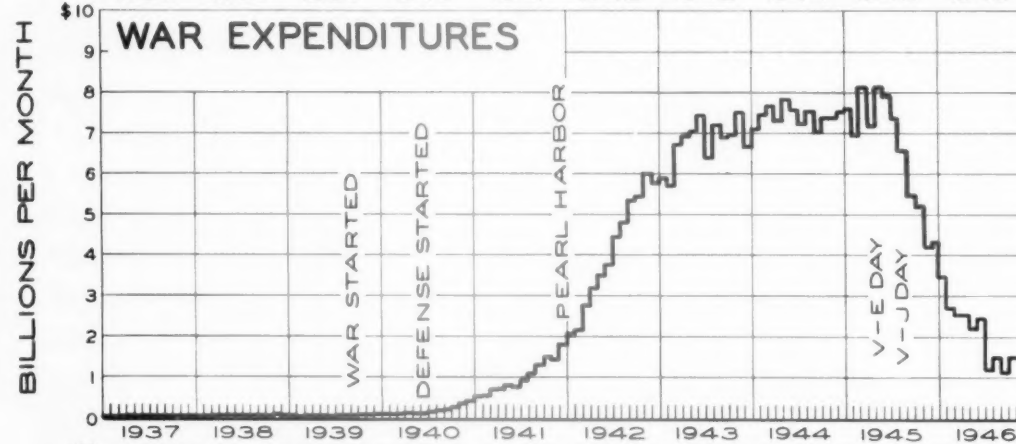
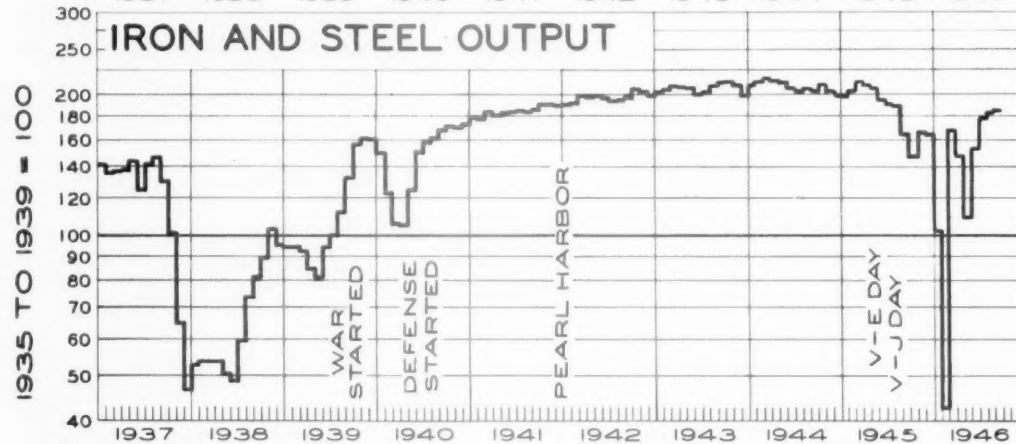
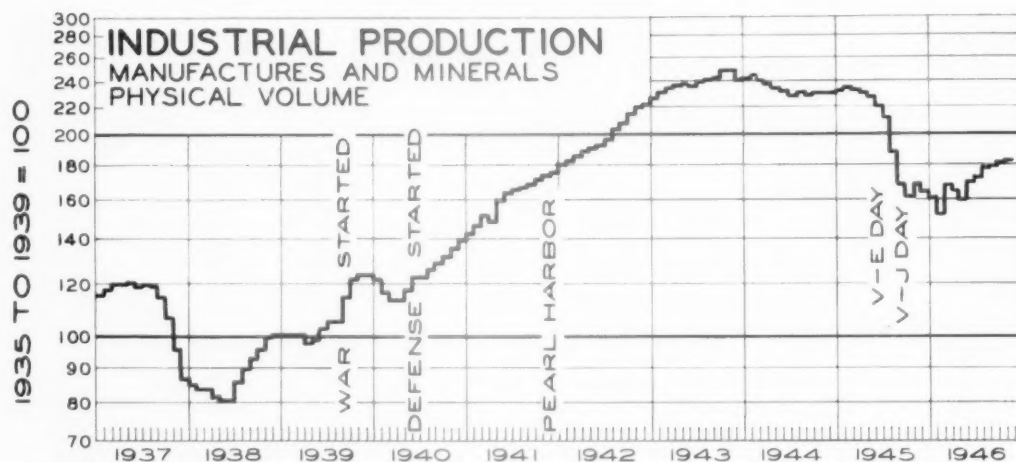
Chart 3 compares the rate of change of the prices of farm products. Here we see very little evidence of price control due to the fact that most of these prices operated above a floor supported by subsidy payments. The few farm products that were put under control were constantly having their ceilings raised to stimulate production. Prices on some farm products have started down; however, some will probably continue to rise until April or May of 1947.

Chart 4 shows the rate of increase of "real" wages during the two war periods.  
(cont. on page 385)



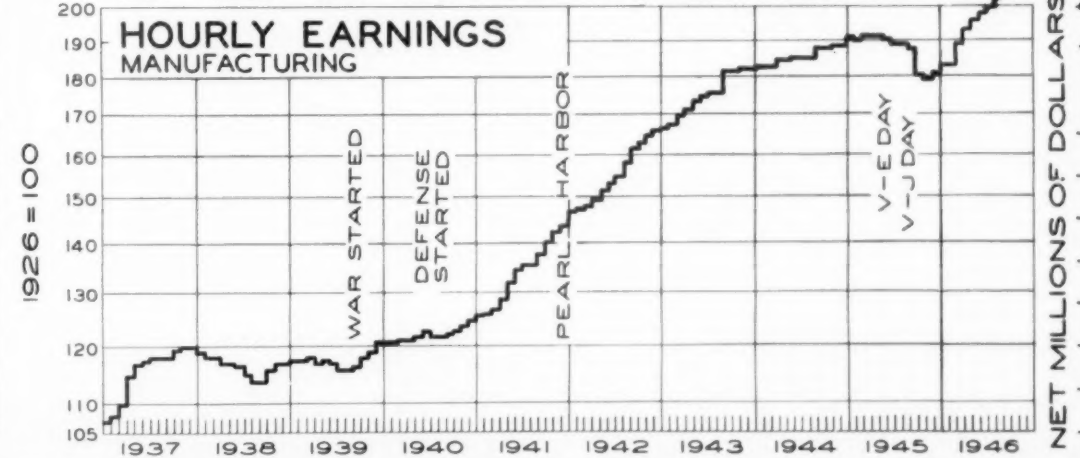
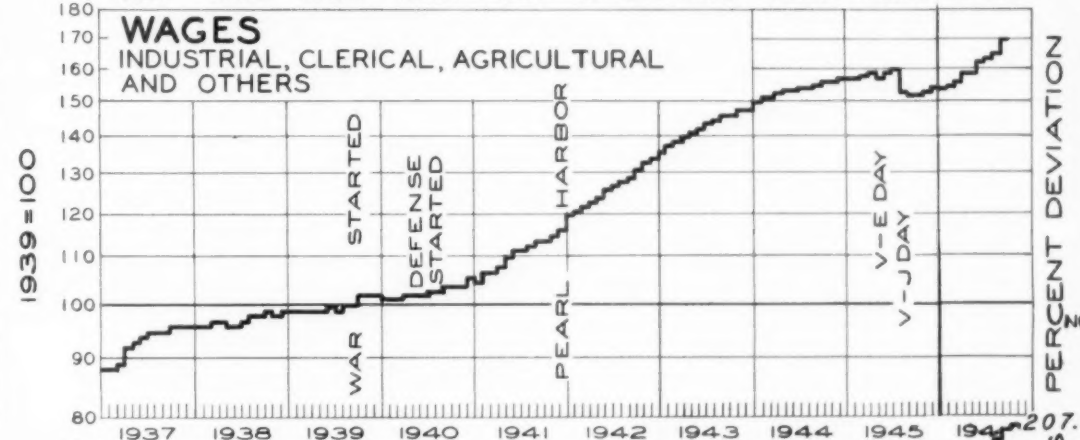
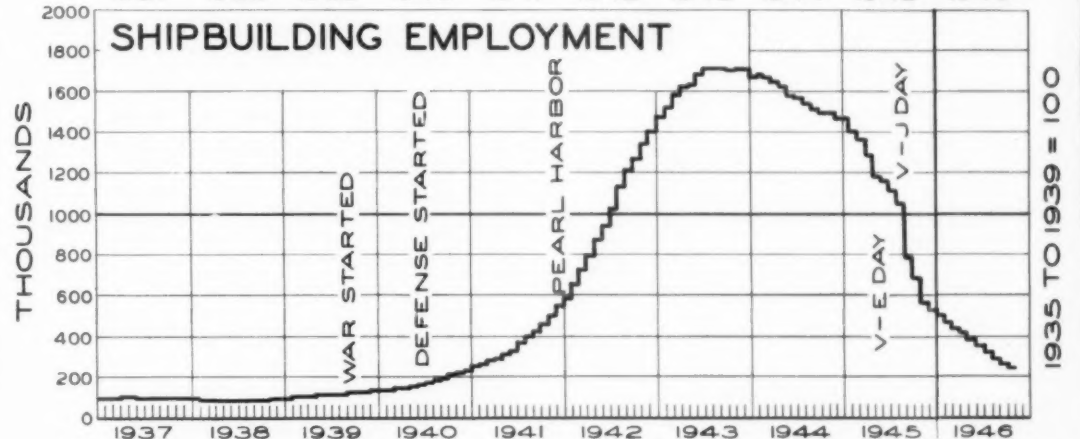
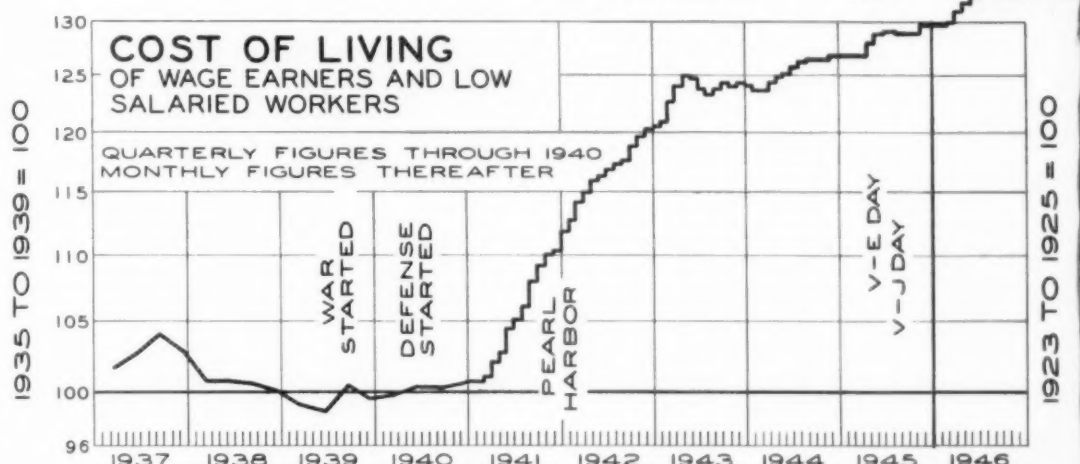
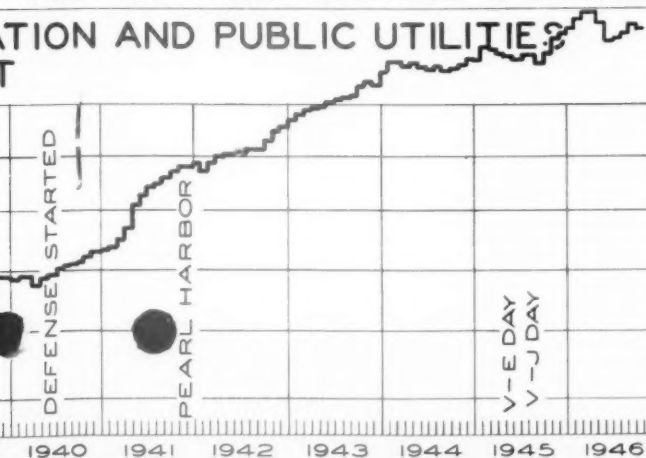
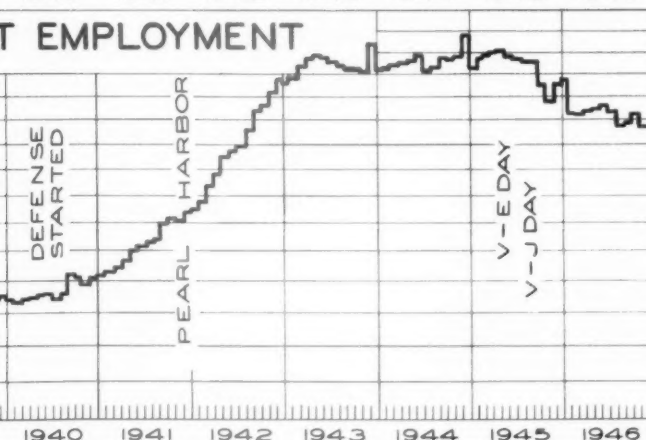
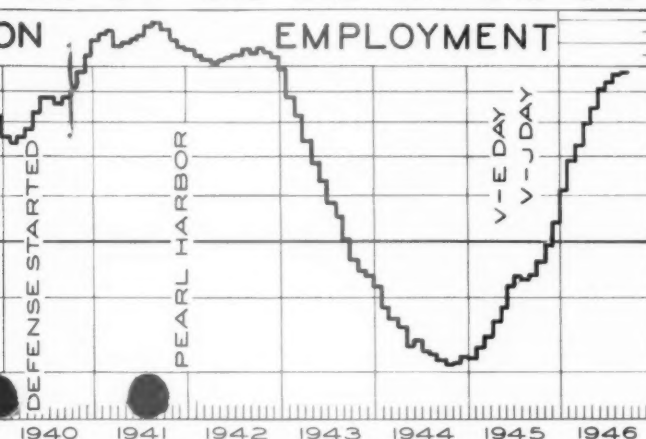
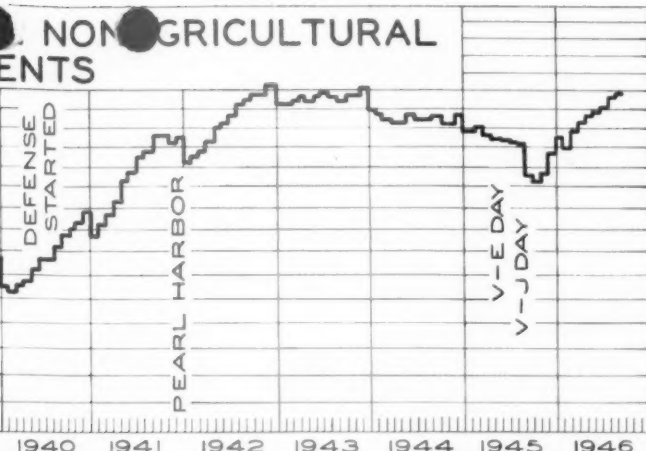
# BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN ST. LOUIS





# PRINCIPAL BAROMETERS OF

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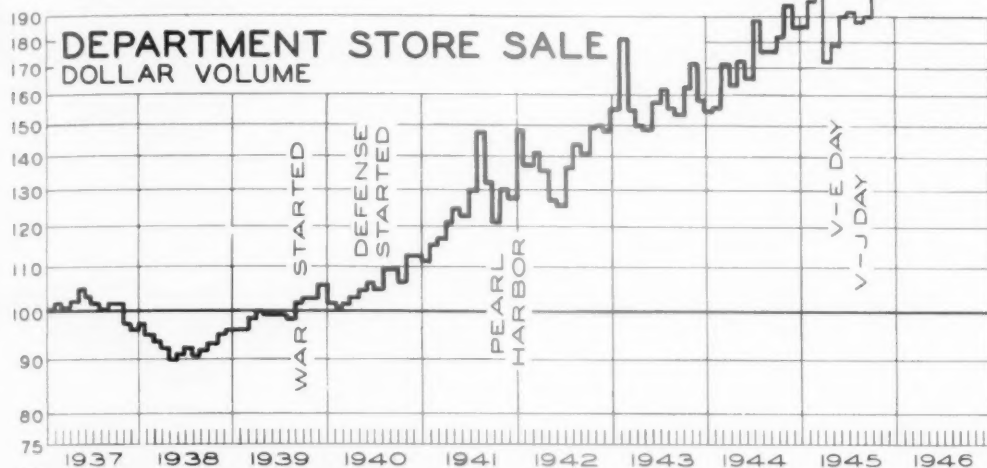




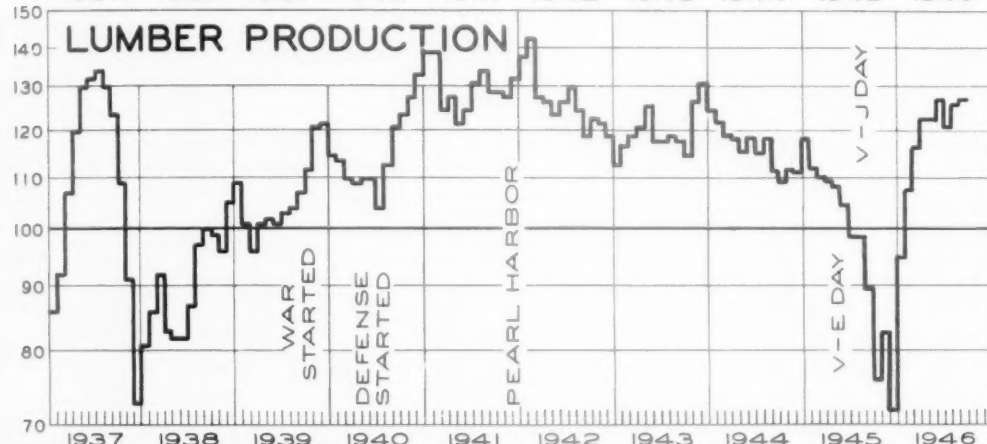
# OF AMERICAN BUSINESS

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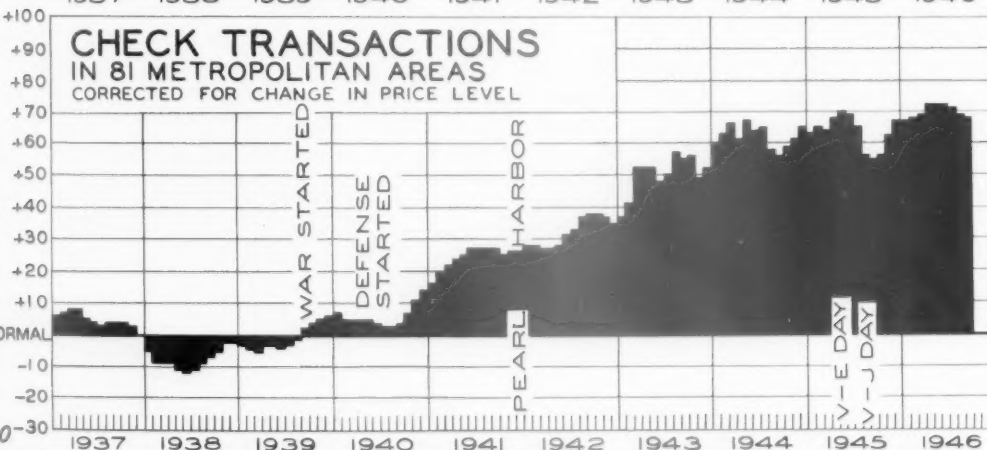
1923 TO 1925 = 100



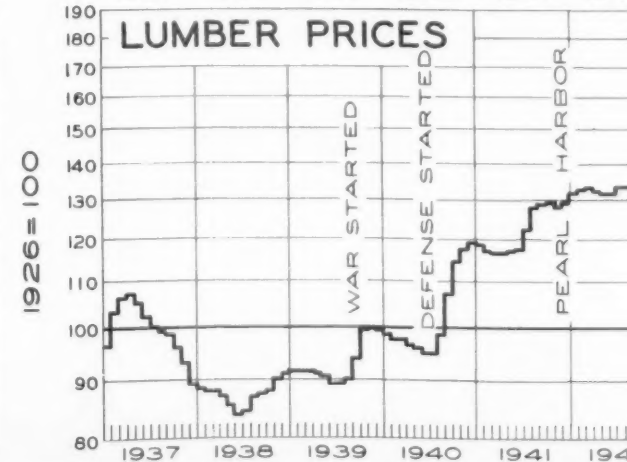
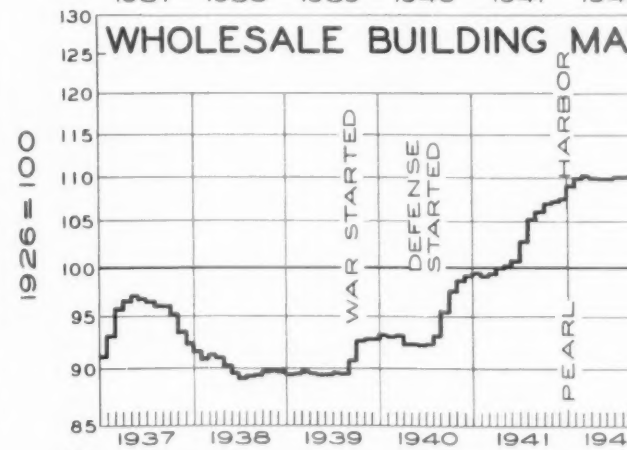
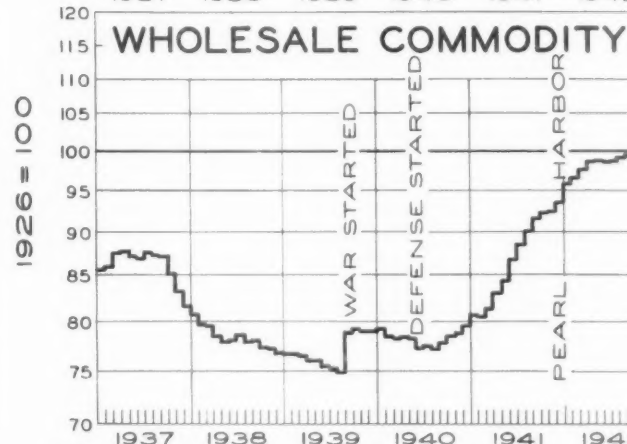
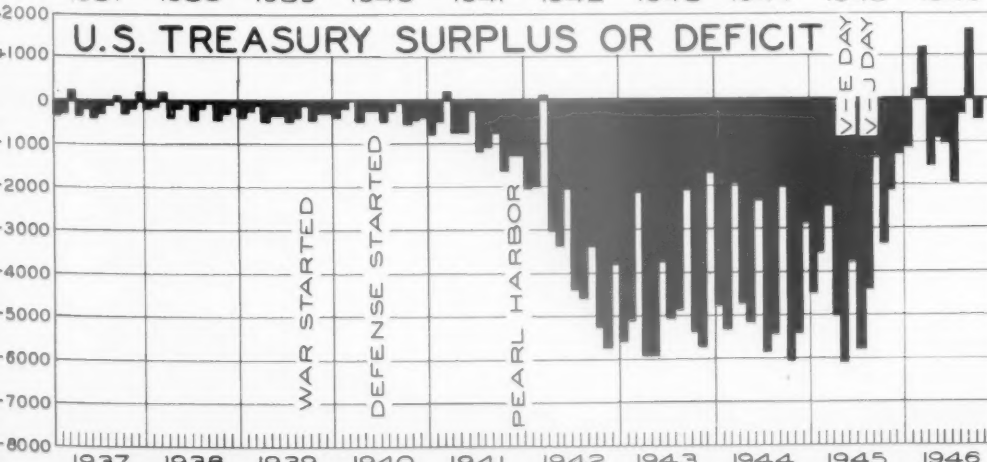
1935 TO 1939 = 100

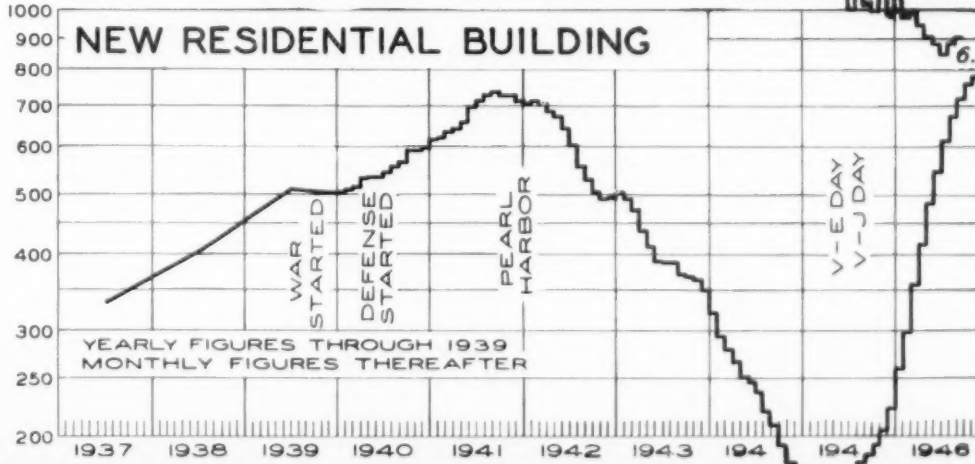
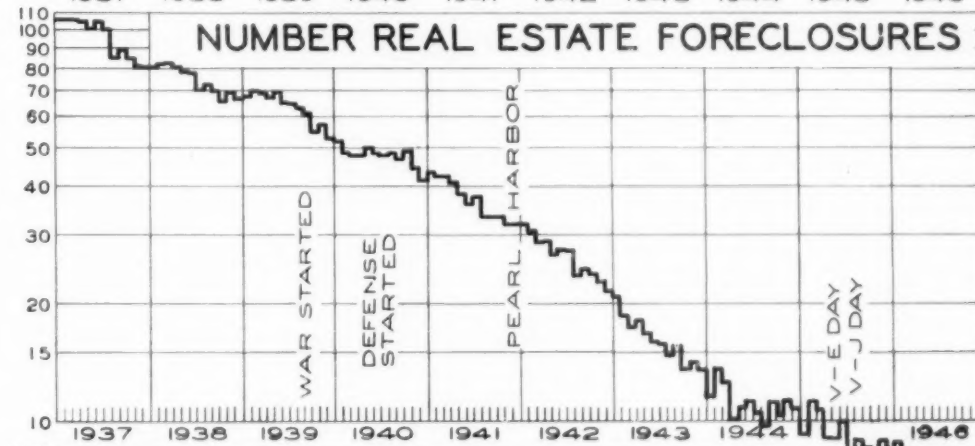
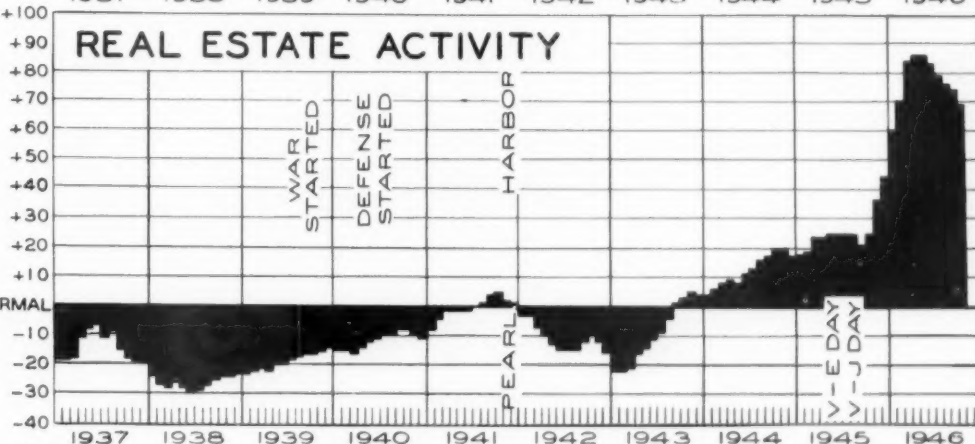
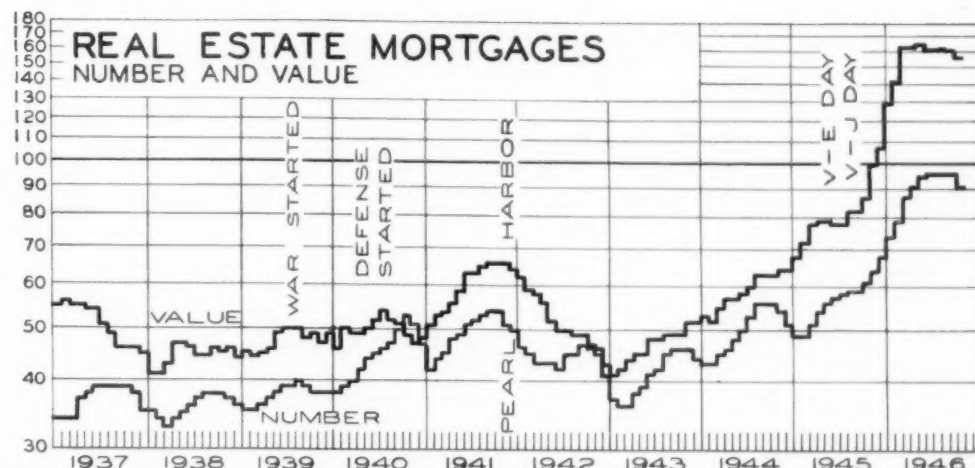
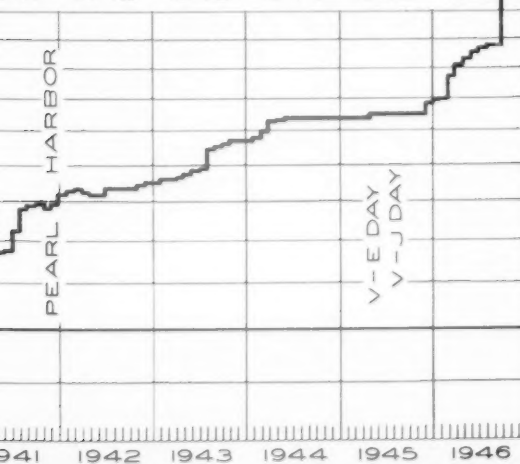
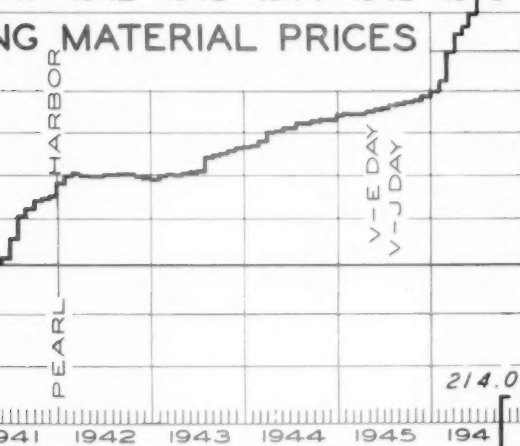
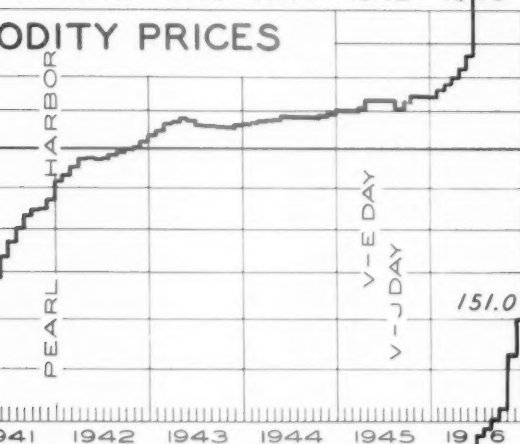


PERCENT DEVIATION



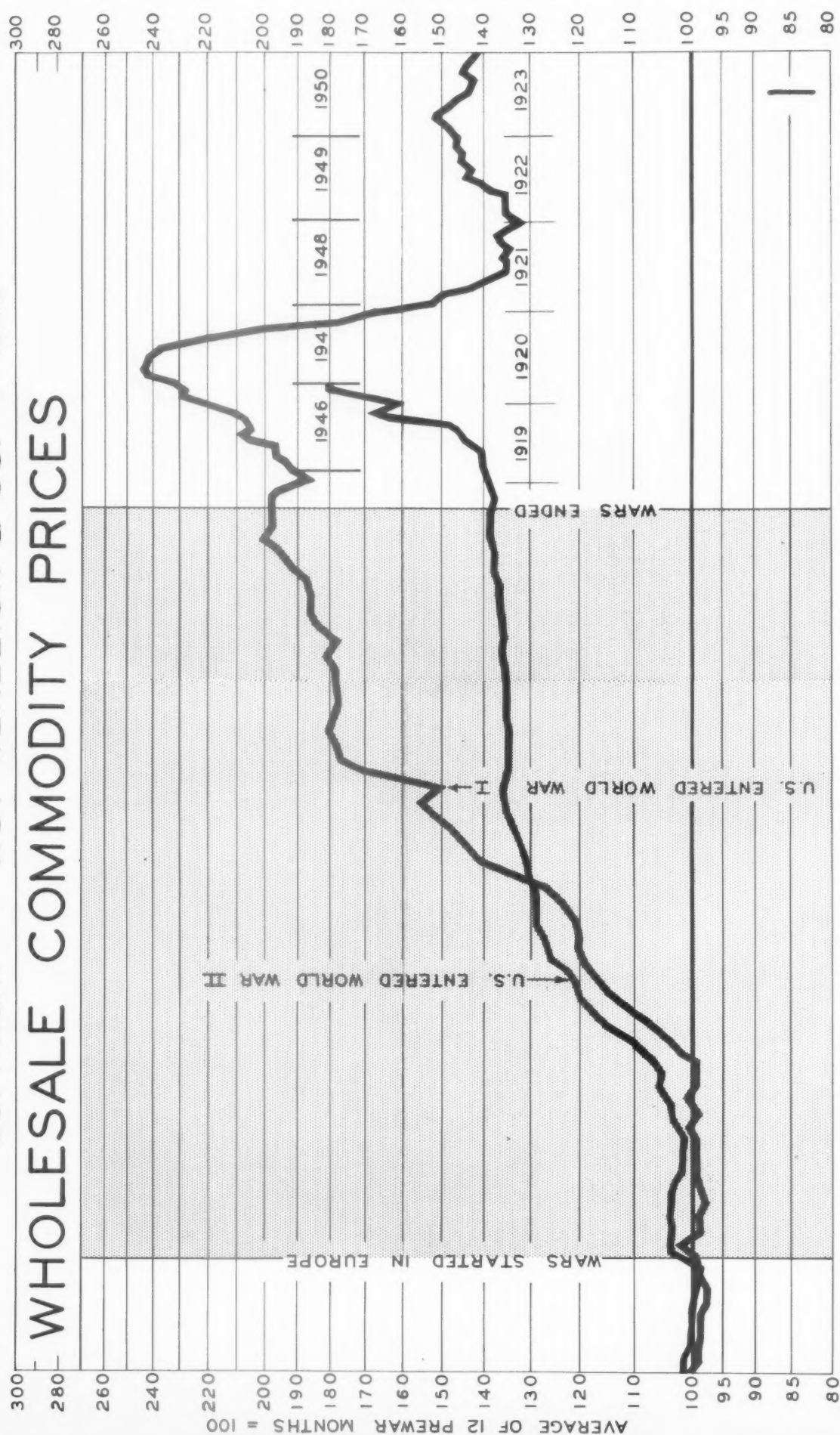
NET MILLIONS OF DOLLARS



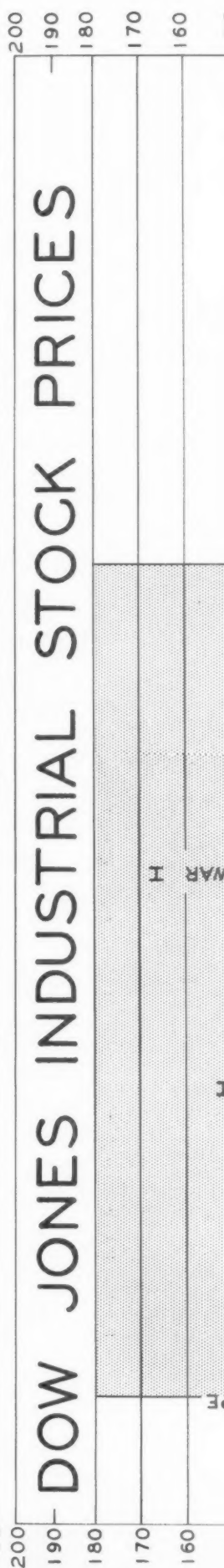


# COMPARISON BETWEEN PRICES AND WAGES IN WORLD WAR I AND WORLD WAR II

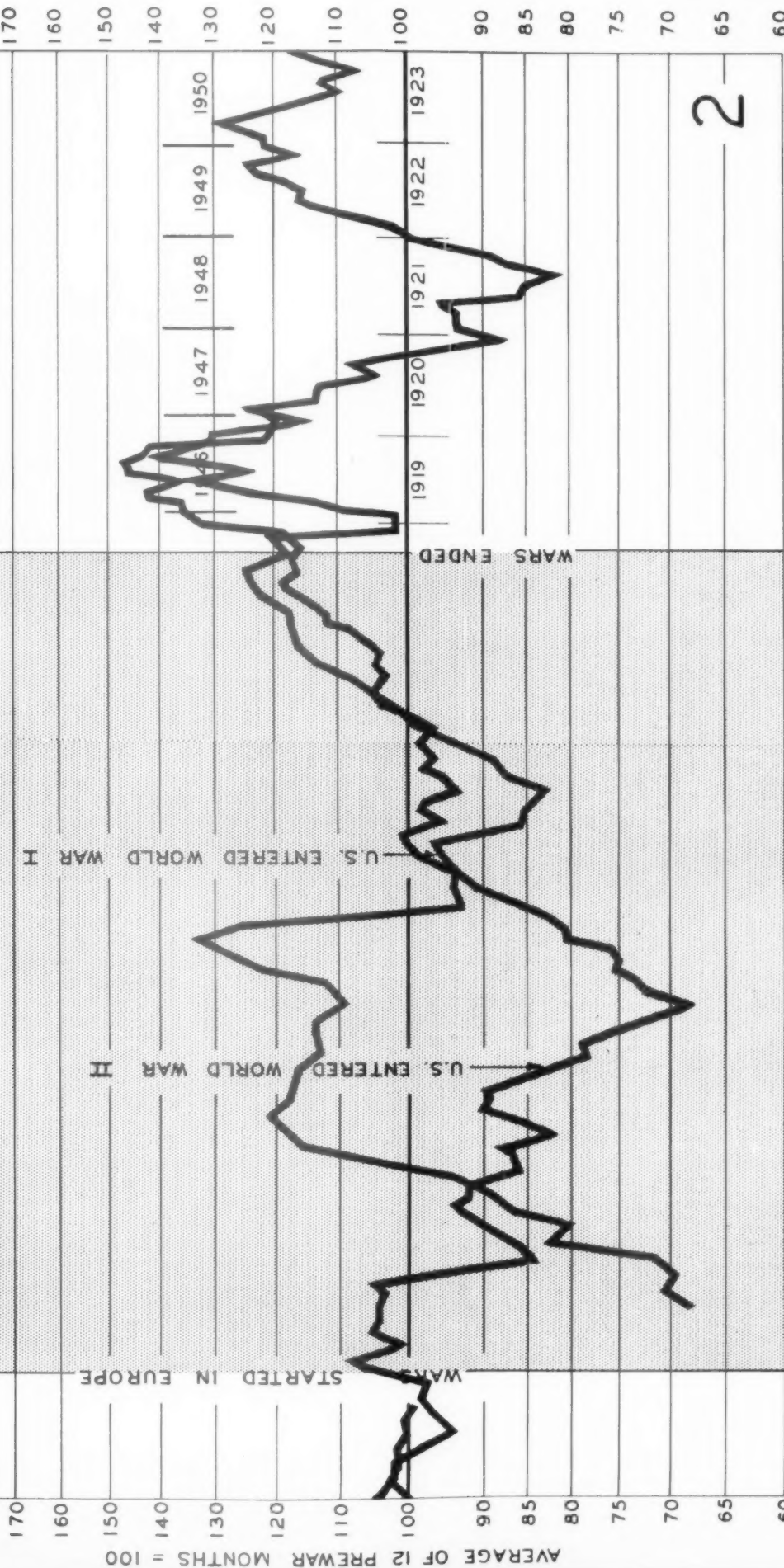
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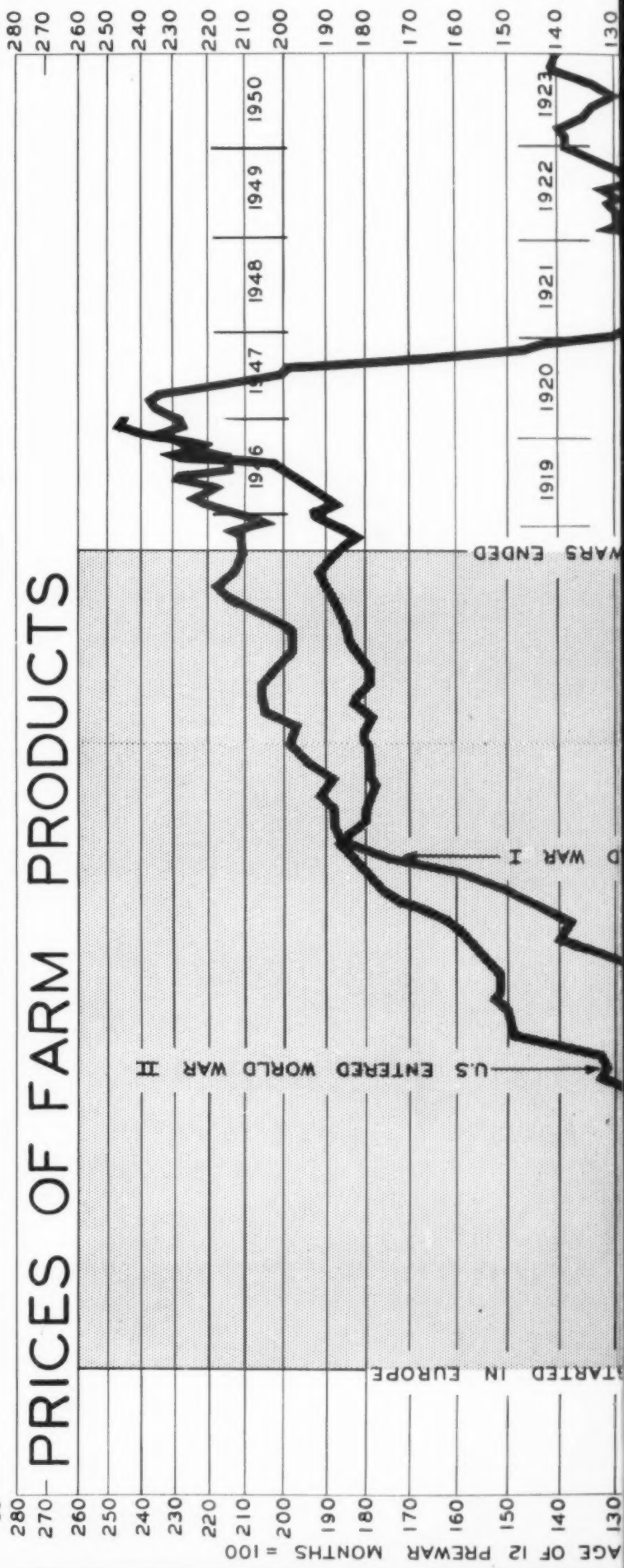
## DOW JONES INDUSTRIAL STOCK PRICES

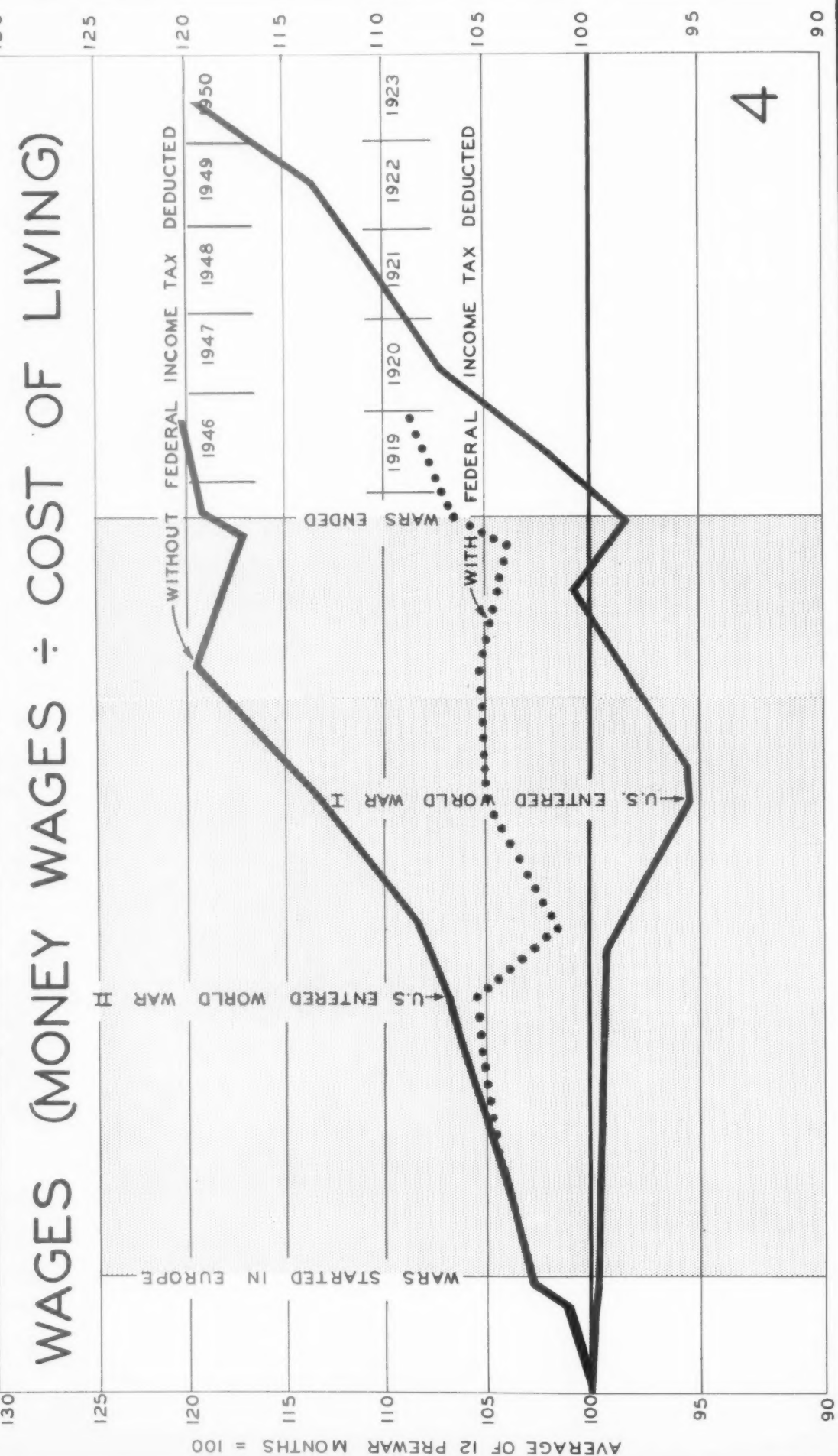
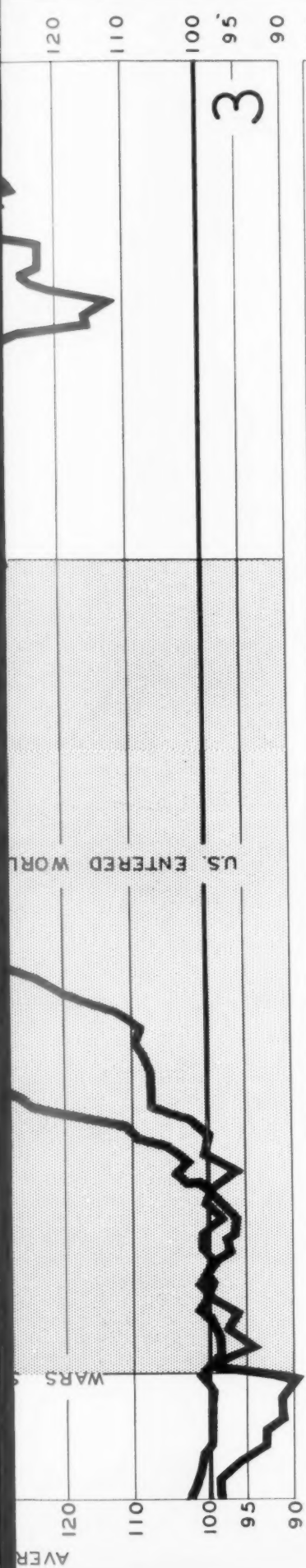






## PRICES OF FARM PRODUCTS







(cont. from page 373)

mand for most durable goods items is unsatisfied than it would be if it came a few years later after three or four years of continuous quantity production of automobiles, houses, and other general durable goods. Any depression which comes now will be relatively short and will have as one of its effects the elimination of inefficiency and high-cost practices which succeed only during inflationary periods.

We think that practically all price series will reach their peak this spring or early summer, and this will be particularly true if a mild depression develops.

It would be to the advantage of organized labor to forego any work stoppages at the present time and any excessive demands for higher wages, as wages have been increased faster than efficiency during the past few years. This has increased prices, and any further rises will increase prices still further unless accompanied by greater efficiency. The people of the United States including the members of the trade unions would fare far better if wages were held at their present levels and if prices dropped than they would if wages continue to go up, causing a further spiraling of prices and the cost of living.

The most encouraging charts of the series are the ones showing the decreases in war expenditures with the approaching balanced budget of the United States Treasury. If the budget is balanced, fears of any large amount of additional inflation are groundless.

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(cont. from page 376)

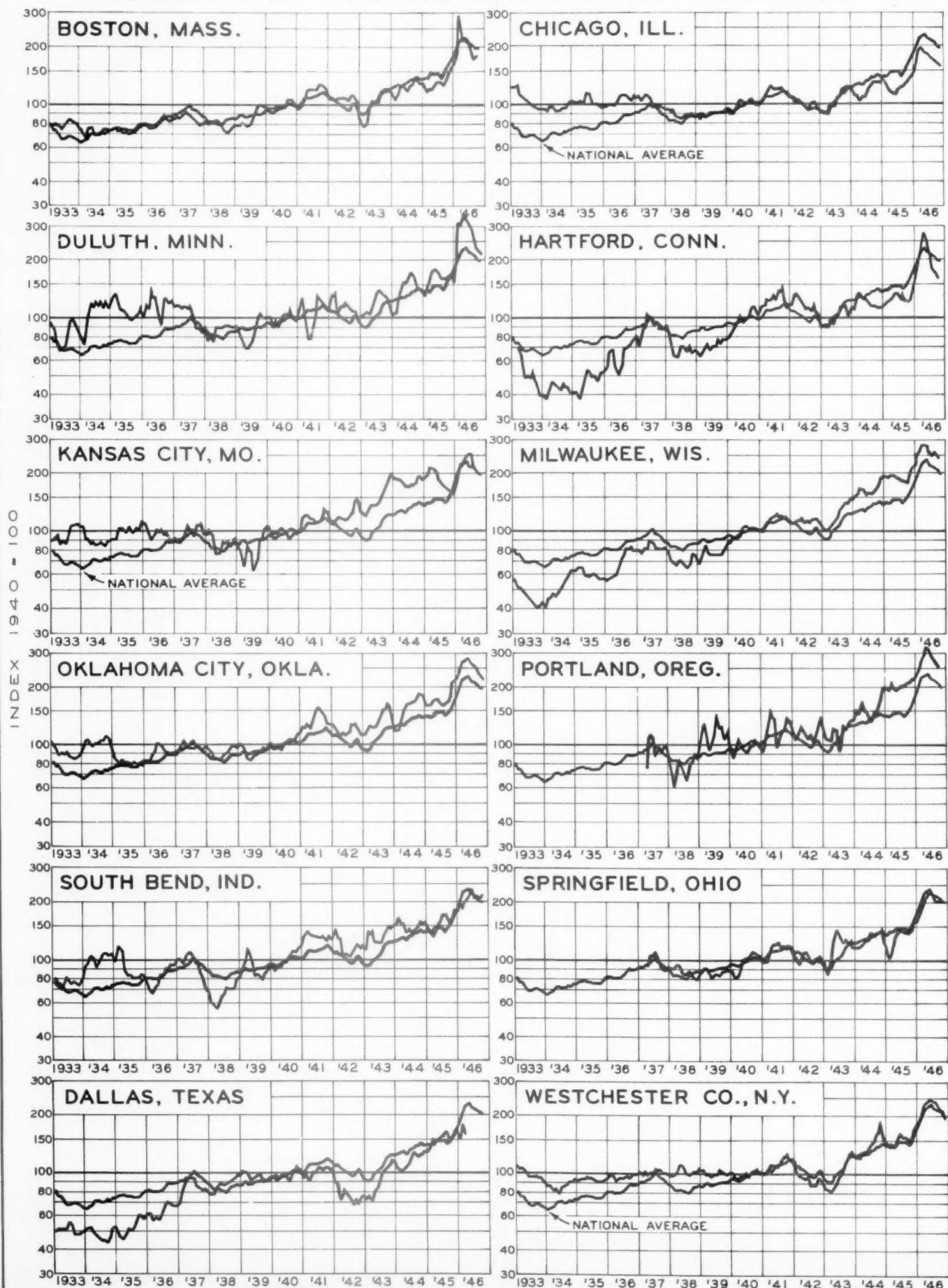
By real wages is meant the ability of wages to buy goods and services as determined by dividing money wages by the cost of living index (consumers' price index). During World War II the Federal income tax was considerably higher than during the First World War. In order to present a more accurate comparison, we have shown the dotted red line representing real wages after taxes for the World War II period. After computing the real wages for World War II, represented by the solid red line, the annual tax of the average worker was calculated. This tax was figured for a married man with no children. This amount was subtracted from the amount of his real wages and the remainder is represented by the dotted red line. This chart shows quite strikingly that the greatest threat to higher standards of living for the average man is the load of Federal taxes which he must carry. By shrinking government to its irreducible minimum, by refusing to vote subsidies for almost any purpose, and by the most rigid economy on the part of government officials, the taxpayer without any additional wages can experience a tremendous increase in his buying power for goods and services.

The increase in real wages during the Second World War is probably not so great as indicated, due to the fact that many of the low-cost items represented in the Bureau of Labor Statistics consumers' price index disappeared from the market and other items dropped substantially in quality. Nevertheless it appears that the average worker was considerably better off during World War II than he was during World War I, and that wages have increased faster than the cost of living. If major labor disputes can be avoided during the next three months, sufficient production should be gotten under way to halt the rise in the price level and to bring about the beginning of a drop. We think it probable that after this spring real wages will increase rather steadily over a period of years.



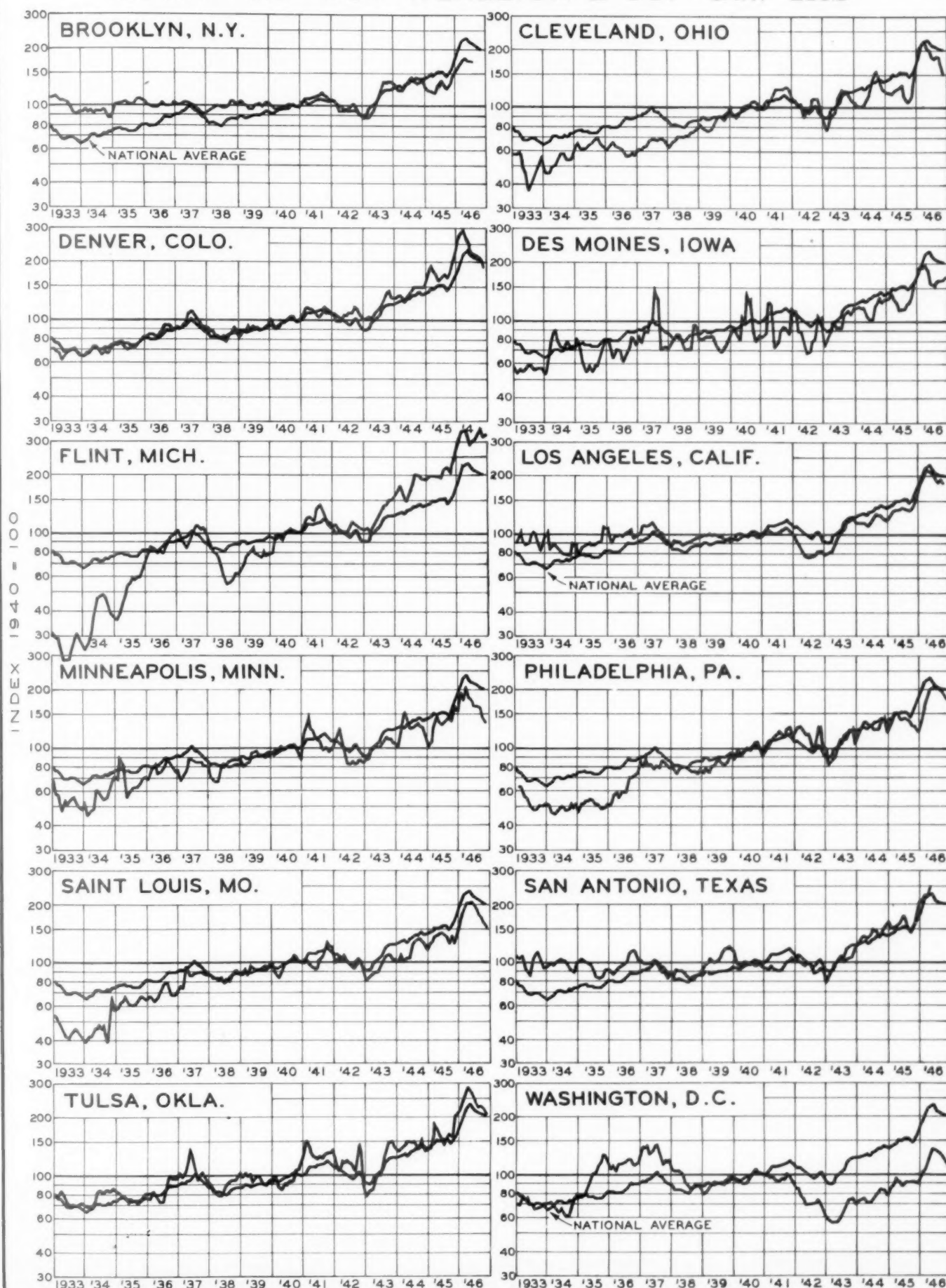
# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

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# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

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## ESTIMATED NUMBER OF NEW NONFARM DWELLING UNITS STARTED

1900 .....	240,000	1910 .....	475,000	1920 .....	247,000	1930 .....	330,000	1940 .....	602,500
1901 .....	340,000	1911 .....	480,000	1921 .....	449,000	1931 .....	254,000	1941 .....	715,200
1902 .....	360,000	1912 .....	490,000	1922 .....	716,000	1932 .....	134,000	1942 .....	496,600
1903 .....	400,000	1913 .....	455,000	1923 .....	871,000	1933 .....	93,000	1943 .....	350,000
1904 .....	440,000	1914 .....	445,000	1924 .....	893,000	1934 .....	126,000	1944 .....	169,000
1905 .....	480,000	1915 .....	475,000	1925 .....	937,000	1935 .....	221,000	1945 .....	225,300
1906 .....	480,000	1916 .....	480,000	1926 .....	849,000	1936 .....	319,000		
1907 .....	440,000	1917 .....	230,000	1927 .....	810,000	1937 .....	336,000		
1908 .....	440,000	1918 .....	120,000	1928 .....	753,000	1938 .....	406,000		
1909 .....	580,000	1919 .....	330,000	1929 .....	509,000	1939 .....	515,000		

### MONTHLY FIGURES

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1939	32,300	30,700	42,900	42,900	53,300	45,900	44,200	51,200	42,400	42,900	45,100	41,200
1940	25,700	36,900	46,000	62,900	57,000	44,100	57,600	55,800	58,400	66,200	44,900	47,000
1941	41,200	43,700	60,200	75,200	70,700	77,200	74,600	69,800	67,000	56,200	46,600	32,800
1942	34,500	51,300	52,700	59,700	60,600	46,300	26,700	27,500	40,400	32,200	30,400	34,300
1943	45,000	40,100	33,000	26,700	33,600	21,800	24,200	27,600	24,300	28,100	26,100	19,500
1944	17,300	13,500	18,100	14,300	16,500	17,500	14,500	12,800	11,300	10,800	11,600	10,800
1945	7,600	8,400	12,300	18,300	16,900	20,300	20,100	17,100	17,900	25,500	30,600	30,300
1946	41,200	49,200	68,000	78,500	87,500	80,100	82,800	80,900	66,500	63,300	48,800	

### CUMULATIVE FIGURES

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1939	32,300	63,000	105,900	148,800	202,100	248,000	292,200	343,400	385,800	428,700	473,800	515,000
1940	25,700	62,600	108,600	171,500	228,500	272,600	330,200	386,000	444,400	510,600	555,500	602,500
1941	41,200	84,900	145,100	220,300	291,000	368,200	442,800	512,600	579,600	635,800	682,400	715,200
1942	34,500	85,800	138,500	198,200	258,800	305,100	331,800	359,300	399,700	431,900	462,300	496,600
1943	45,000	85,100	118,100	144,800	178,400	200,200	224,400	252,000	276,300	304,400	330,500	350,000
1944	17,300	30,800	48,900	63,200	79,700	97,200	111,700	124,500	135,800	146,600	158,200	169,000
1945	7,600	16,000	28,300	46,600	63,500	83,800	103,900	121,000	138,900	164,400	195,000	225,300
1946	41,200	90,400	158,400	236,900	324,400	404,500	487,300	568,200	634,700	698,000	746,800	

### 12-MONTH MOVING TOTALS

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1939												515,000
1940	508,400	514,600	517,700	537,700	541,400	539,600	553,000	557,600	573,600	596,900	596,700	602,500
1941	618,000	624,800	639,000	651,300	665,000	698,100	715,100	729,100	737,700	727,700	729,400	715,200
1942	708,500	716,100	708,600	693,100	683,000	652,100	604,200	561,900	535,300	511,300	495,100	496,600
1943	507,100	495,900	476,200	443,200	416,200	391,700	389,200	389,300	373,200	369,100	364,800	350,000
1944	322,300	295,700	280,800	268,400	251,300	247,000	237,300	222,500	209,500	192,200	177,700	169,000
1945	159,300	154,200	148,400	152,400	152,800	155,600	161,200	165,500	172,100	186,800	205,800	225,300
1946	258,900	299,700	355,400	415,600	486,200	546,000	608,700	672,500	721,100	758,900	777,100	

## ESTIMATED NUMBER OF NEW NONFARM DWELLING UNITS COMPLETED

### NEW PERMANENT UNITS

### TEMPORARY RE-USE, CON- VERSIONS AND TRAILERS

	Monthly			Cumulative			Monthly		Cumulative		
	Conventional	Factory-Built	Total	Conventional	Factory-Built	Total					
1946											
Jan.	17,500	1,200	18,700	17,500	1,200	18,700	7,200		7,200		
Feb.	18,700	1,600	20,300	36,200	2,800	39,000	8,900		16,100		
Mar.	20,400	2,200	22,600	56,600	5,000	61,600	9,600		25,700		
Apr.	23,800	2,600	26,400	80,400	7,600	88,000	10,800		36,500		
May	27,300	3,000	30,300	107,700	10,600	118,300	11,600		48,100		
June	31,600	3,300	34,900	139,300	13,900	153,200	13,800		61,900		
July	36,900	4,100	41,000	176,200	18,000	194,200	16,700		78,600		
Aug.	38,300	3,900	42,200	214,500	21,900	236,400	19,800		98,400		
Sept.	46,100	3,700	49,800	260,600	25,600	286,200	31,500		129,900		
Oct.	50,300	4,700	55,000	310,900	30,300	341,200	29,300		159,200		





# The Real Estate TRENDS

DECEMBER 31  
1946

A concise monthly digest of real estate and construction fundamentals and trends.....A part of the complete service known as the Real Estate Analyst Reports.

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

## CONSTRUCTION COSTS

The increase in the legal cost of building a building again holds the limelight as the most significant change in real estate figures during the month. The standard six-room frame residence built in St. Louis on December 20, 1946, cost \$12,147. This is an increase of \$942 over the figure of \$11,205 for November, which was an increase of \$673 above the October figure. Of course, a large part of the increase during November and December represents the legalization of prices which have been paid all along through the black market. It is our opinion, however, that we are very close to the top and that this peak will be reached not later than this next spring, and that then building costs will start to sag.

Of the \$942 increase during the past month, \$565 was in lumber and mill-work. The cost of plumbing in the house increased by \$50, and the painting of the house by \$60. Other items were spread in smaller amounts over the balance of material, labor and overhead.

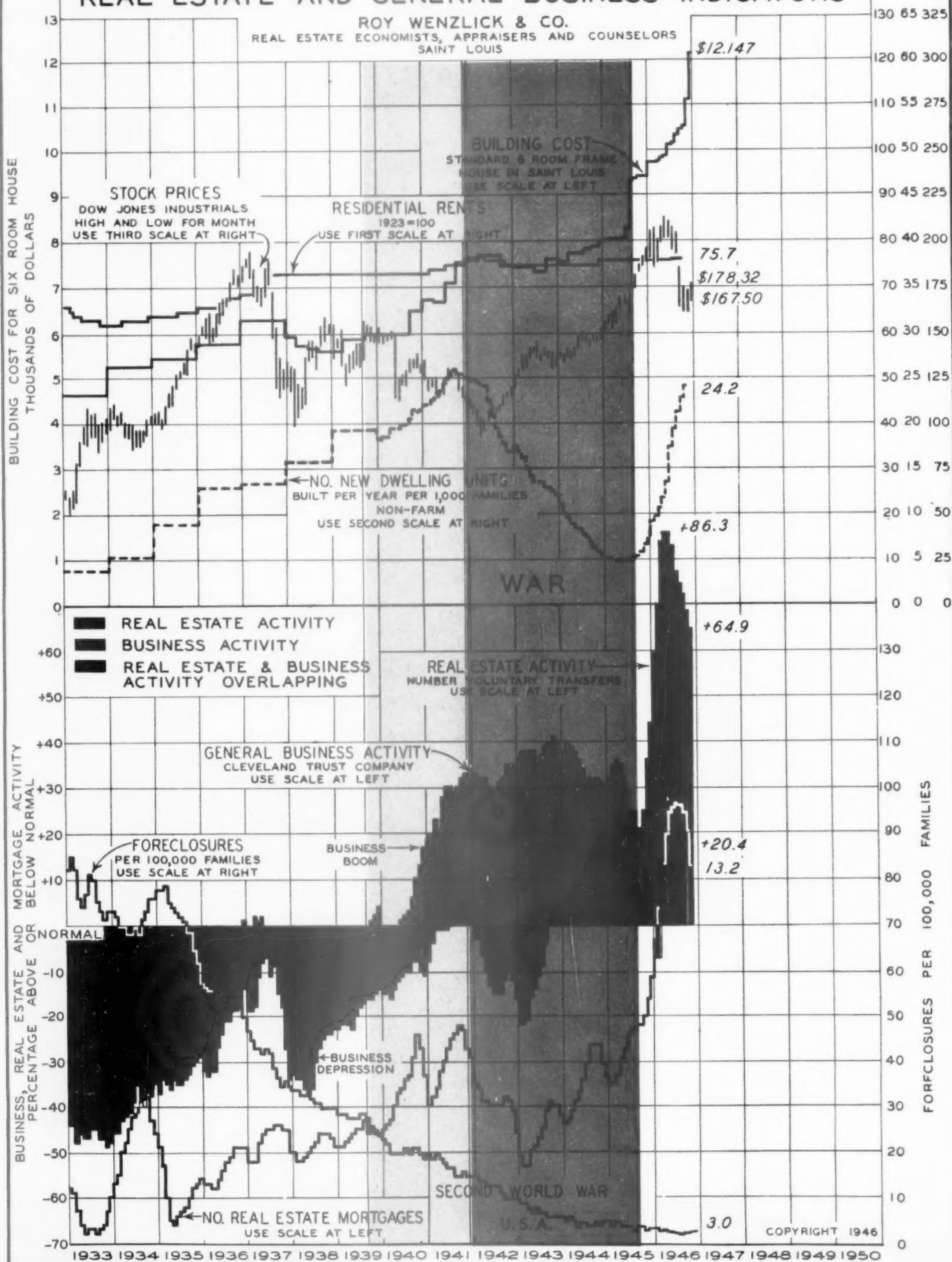
A comparison of the cost experience of this house during the First and Second World War periods is quite interesting. In 1914 before the war started in Europe it cost \$3,836 to build this house in St. Louis. In 1920, a year and a half after the Armistice, at the all-time peak of building costs up to that time, it cost \$7,678 to build the same house. This was an increase of only \$6 more than 100 per cent in the six-year period. In 1939 before the Second World War started it cost \$5,894 to build the house. The present cost of \$12,147 is an increase of 106 per cent, or an increase somewhat greater than brought about by the First World War.

Should we follow the First World War experience still further, we could expect a pattern somewhat as follows.

During the depression of 1920 and 1921 the cost of building the house dropped from \$7,678 to \$6,103, a decrease of \$1,575, or 20.5 per cent. Should the readjustment which may come about in general business during 1947 and 1948 have a similar effect on construction costs, the cost of building this building would drop by approximately \$2,500 during the next two years, bringing it down roughly to \$9,650. Two years after the end of the depression of 1920 and 1921, the cost of building the house had increased again by \$1,385, or 22.7 per cent. If the same thing should happen again, the \$9,647 assumed for the bottom of the readjustment period would rise to about \$11,800. After reaching a reconversion high in the period of the twenties, construction costs sank slowly until after the stock mar-

# REAL ESTATE AND GENERAL BUSINESS INDICATORS

ROY WENZLICK & CO.  
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS  
SAINT LOUIS



# BUILDING COSTS OF A STANDARD SIX ROOM FRAME HOUSE BUILT IN ST. LOUIS

Costs are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in each is given in the paragraphs below. Paragraphs are numbered to correspond with the columns described. Building material costs are indicated by the letter **M**; corresponding labor items, in red by the letter **L**.  
No labor items are shown in Column 10, **Building Hardware**, as they have already been included in Column 5, **Millwork**.

## Group A

(1) Masonry: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, flue lining.  
(2) Tile Work: 4-1/4 x 4-1/4 wall tile, ceramic floor tile, cap and base.

## Group B

(3) Unfinished Lumber: Columns, beams, floor and ceiling joists, interior and exterior studs, rafters, bracing, etc.  
(4) Finished Lumber: Sub-flooring, sheathing, beveled siding, finished floors, asphalt shingle roofing, roofing felt, tar paper, shutters, etc.  
(5) Millwork: Windows, doors, trim, kitchen cabinet, stairs.

## Group C

(6) Heating: Boiler, insulating jackets, fittings, tools, pipes, connections, valves and

## Radiation

(7) Plumbing: Soil pipes and connections, stack, water pipe and connections, lead oakum and bathroom fixtures; hot water heater and tank to be furnished by others.

## Group D

(8) Sheet Metal: Galv. iron (present) gutters, downspouts, flashing.

(9) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer, etc. No fixtures included.

(10) Nails and Hardware: Common and wire nails, bolts, damper, ash doors, finish hardware.

(11) Painting: White lead, linseed oil, turpentine.

(12) Miscellaneous: Metal and wood laths, corner bead, insulation.

## Total Material and Labor Costs

## Group E

(13) Overhead and profit of subcontractors in plastering, metal work, heating, plumbing, electrical work and tile work.

(14) General contractor's profit.

(15) Missouri sales tax (now 2% on materials), old age and unemployment tax (Federal and State), liability and employees' compensation insurance, fire and tornado insurance, completion bond.

(16) Total overhead, profit and other costs.

## TOTAL CONSTRUCTION COST

Year	GROUP A				GROUP B				GROUP C				GROUP D				GROUP E				TOTAL									
	(1)		(2)	(3)	(4)		(5)		(6)		(7)		(8)		(9)		(10)		(11)	(12)		Total	(13)	(14)	(15)	(16)				
	M	L	M		L	M	L	M	L	M	L	M	L	M	L	M	L	M									L			
1913	\$343	\$388	\$24	\$13	\$218	\$101	\$428	\$134	\$350	\$121	\$152	\$136	\$231	\$110	\$5	\$12	\$36	\$49	\$59	\$16	\$64	\$51	\$18	\$1973	\$1146	\$248	\$337	\$132	\$717	\$3636
1914	362	388	24	13	212	101	415	134	349	121	147	136	248	110	59	12	32	49	59	16	64	50	18	1973	1146	248	337	132	717	3636
1915	360	388	24	13	189	108	373	145	329	131	152	144	249	116	68	12	38	52	64	17	69	48	19	1911	1197	257	337	135	729	3637
1916	366	396	24	13	224	108	438	145	363	131	203	144	309	116	101	12	55	52	66	22	69	59	19	2250	1205	295	375	142	812	4267
1917	456	413	25	14	258	109	500	146	396	132	244	152	359	122	108	12	59	54	110	26	69	69	19	2610	1242	325	418	152	895	4747
1918	539	421	25	15	292	118	570	158	449	143	322	152	359	124	95	14	52	54	118	30	75	73	21	2924	1295	346	457	163	966	5185
1919	624	453	25	15	519	128	1008	170	729	154	290	160	349	130	83	15	45	57	113	31	81	112	23	3928	1386	342	566	187	1095	6409
1920	742	463	28	17	607	183	1189	243	1030	230	305	184	372	150	83	21	46	66	143	36	116	132	32	4713	1695	366	677	227	1270	7678
1921	674	501	25	18	479	186	920	250	506	225	273	192	460	156	64	22	35	69	94	30	119	104	33	3664	1773	372	561	215	1166	6605
1922	609	506	25	18	362	174	703	232	571	209	258	204	433	166	64	20	35	73	79	28	111	81	31	3246	1744	370	536	205	1111	6103
1923	633	576	25	21	410	200	793	268	551	242	267	227	430	184	70	23	38	81	94	28	128	90	36	3429	1986	407	562	228	1217	6632
1924	618	703	251	108	401	246	779	328	492	296	274	277	388	224	64	28	35	100	97	35	156	87	44	3521	2510	527	656	274	1457	7488
1925	606	684	251	108	375	251	732	335	472	302	273	255	381	207	68	29	37	92	89	37	159	83	45	3404	2467	508	638	267	1413	7284
1926	566	653	251	108	379	240	732	320	432	288	264	244	381	197	69	27	37	87	86	36	152	83	43	3316	2359	499	617	254	1370	7045
1927	565	621	251	108	354	228	715	304	358	275	251	184	395	159	67	26	37	66	84	33	145	80	41	3190	2157	469	562	237	1288	6635
1928	563	641	208	97	406	184	644	244	377	230	261	184	382	151	71	21	39	66	85	31	116	74	32	3141	1856	438	544	213	1195	6192
1929	565	641	185	97	360	184	687	244	384	220	270	184	385	151	82	21	45	66	89	33	116	71	32	3156	1856	438	545	213	1196	6208
1930	474	422	185	97	340	135	655	181	312	164	251	140	341	114	71	15	39	50	72	33	87	211	24	2984	1429	380	479	175	1034	5447
1931	411	342	155	57	313	108	594	145	254	131	226	112	322	91	58	12	32	40	61	31	70	198	39	2655	1147	317	412	146	875	4677
1932	438	342	139	51	268	108	532	145	269	131	210	112	286	91	50	12	28	40	60	28	70	199	39	2507	1141	295	395	142	832	4480
1933	457	342	130	51	355	108	562	145	344	131	208	112	270	91	52	12	28	40	54	26	70	214	39	2700	1141	291	413	146	850	4691
1934	540	342	122	51	439	108	713	145	494	131	234	112	279	91	55	12	30	40	63	26	70	222	39	3217	1141	299	466	154	919	5277
1935	508	422	111	67	399	135	638	181	523	164	236	140	292	114	43	15	24	50	62	26	87	239	47	3091	1422	300	481	174	955	5466
1936	506	490	111	67	364	159	655	209	494	188	255	160	301	131	50	19	28	57	59	27	98	221	53	3071	1631	344	505	239	1088	5790
1937	503	512	111	67	395	186	742	245	578	221	247	160	326	141	54	22	29	57	64	31	104	226	53	3306	1768	363	544	310	1217	6291
1938	508	425	103	67	350	157	647	204	571	179	241	160	297	134	47	19	26	57	66	28	88	222	42	3106	1532	353	494	306	1133	5771
1939	513	525	103	77	360	159	660	211	513	190	239	160	277	133	49	19	27	57	64	29	109	192	56	3028	1696	344	505	323	1172	5894
Ja 1940	510	538	103	77	374	158	679	215	567	195	236	160	282	131	58	17	32	57	65	30	93	193	61	3129	1702	352	516	327	1195	6026
Ap 1940	510	538	103	77	371	158	651	215	566	195	236	160	285	131	63	17	35	57	65	30	93	193	61	3108	1702	352	516	327	1195	6005
Ja 1940	510	538	103	77	371	158	651	215	566	195	236	160	285	131	63	17	35	57	65	30	93	193	61	3108	1702	352	516	327	1195	6005
O 1940	510	542	145	86	494	162	763	218	628	197	254	160	294	161	63	17	31	57	66	32	93	203	75	3482	1768	385	564	351	1300	6551
Ja 1941	515	640	145	86	493	182	808	243	645	219	242	160	266	161	62	19	28	58	67	33	104	203	78	3507	1950	380	585	375	1340	6797
Ap 1941	487	639	159	86	463	182	771	243	633	219	251	180	274	149	62	19	28	63	69	33	131	202	79	3432	1900	396	581	376	1353	6775
Ja 1941	510	650	159	86	553	220	802	279	635	252	250	180	274	149	90	19	27	63	72	34	131	220	79	3626	2108	396	613	397	1406	7140
O 1941	514	678	159	86	544	226	861	303	689	274	262	200	289	187	106	29	34	72	80	35	145	227	79	3800	2279	433	650	424	1507	7586
Ja 1942	514	696	175	86	536	231	854	305	689	275	262	200	314	187	64	29	48	72	79	35	145	229	81	3799	2307	431	653	427	1511	7617
Ap 1942	520	696	175	86	547	231	876	305	715	275	273	200	317	187	64	29	50	72	79	38	145	229	81	3883	2307	433	663	429	1525	7717
Ja 1942	520	696	175	86	540	233	874	307	715	276	273	200	317	198	72	29	50	68	79	38	145	229	75	3682	2331	435	668	427	1530	7743
O 1942	520	668	162	86	558	207	884	274	715	248	273	180	317	149	56	29	50	65	79	38	130	229	75	3681	2111	419	639	403	1461	7453
Ja 1943	520	668	151	86	561	207	884	274	715	248	273	180	317	149	56	29	50	65	79	38	130	229	75	3673	2111	419	639	402	1460	7444
Ap 1943	520	668	151	86	561	207	884	274	715	248	273	180	317	149	56	29	50	65	79	38	130	229	75	3673	2111	419	639	402	1460	7444
Ja 1943	520	648	151	99	561	189	884	247	715	232	273	180	317	149	56	20	50	63	79	38	130	223	75	3667	2022	422	631	393	1446	7335
O 1943	528	648	151	99	602	189	1005	247	715	222	273	180	317	149	56	20	50	63	79	38	130	236	75	4112	2022	422	656	398	1476	7610
Ja 1944	528	648	175	99	662	189	1003	247	663	222	273	180	317	149	56	20	50	63	79	38	130	238	75	4082	2022	422	653	398	1473	7577
Ap 1944	528	648	175	99	700	189	1109	247	663	222	273	180	317	149	56	20	50	63	79	38	130	238	75	4226	2022	422	667	400	1489	7737
Ja 1944	528	648	175	99	700	189	1109	247	679	222	273	180	317	149	56	20	50	63	79	38	130	238	75	4242	2022	422	689	401	1492	777



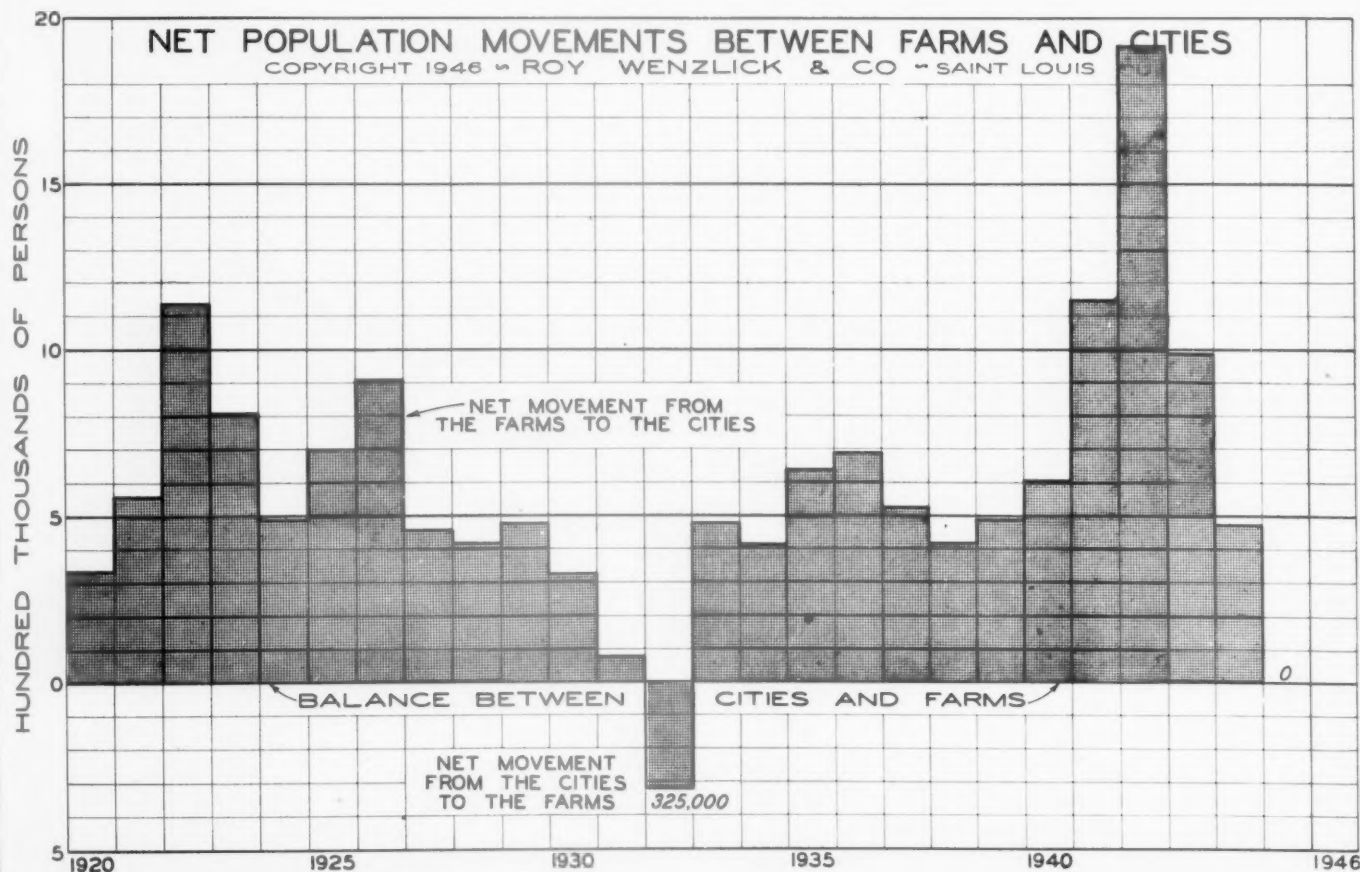
## POSTWAR MIGRATION

**I**N 1945 for the first time since 1932 as many persons moved from the cities back to the farms as moved from the farms to the cities. In the United States as a usual thing the net movement is toward the cities. Only in 1932 was the net movement to the farms and at that time we were in the depths of the great depression with very heavy unemployment in the cities. By 1933 when the President announced his back-to-the-farm movement as one of the remedies for unemployment in the cities, the net movement of population was strongly away from the farms and continued toward the city until 1945.

The movement to the cities from the farms reached its greatest peak in 1942 when the net movement totaled 1,920,000 persons. These were the defense workers coming into the cities to get war jobs at high wages. Apparently many of these workers have been returning to the farms; enough, in fact, in 1945 to balance off the normal movement each year toward the cities.

This is shown by the chart below which shows net movement each year from 1920 through 1945. By net movement we mean the difference between the number of people moving from farms to cities and the number moving from cities to farms.

The figures charted represent only changes through civilian migration. If losses to the armed forces are added to the peak of 1,920,000 in 1942, the total loss in farm population for that year is 2,779,000. Net losses due to inductions were 211,000 in 1941, 859,000 in 1942, and 505,000 in 1943.





ket collapse. From then on out the drops were more rapid, reaching a low in 1932 41.5 per cent below the peak. A drop of 41.5 per cent from the present cost of building the house of \$12,147, would bring the cost down to \$7,100, should we experience another great depression some years in the future, and should building costs duplicate their performance of the First World War.

While we expect a pattern somewhat similar to the pattern which followed the First World War period, it would be strange indeed if the similarity were more than approximate. As a general pattern, however, it seems likely that building costs will drop during a "shake-out" period probably in 1947 and the first part of 1948, will advance again during the balance of 1948, 1949 and probably 1950, will then shrink slowly at first and more rapidly later, should we sag into a deep depression.

#### REAL ESTATE ACTIVITY

Real estate activity is continuing to drop throughout the nation. The preliminary index for real estate activity in November was 64.9 per cent above the long-term computed normal. It is now approximately 25 per cent below the peak, with the probability that it will continue to drop for some time longer.

Some readjustment in the entire real estate situation must take place, either now or in a much exaggerated fashion some time later. We believe that it is best to have a "shake-out" at the present time, with more reasonable prices in 1947 and 1948. The primary reason that we have been pessimistic since May 1946 has been that we felt that prices were going to a higher level than could be sustained, and that many of these buildings would shrink in market price as the readjustment took place. When values reach a more reasonable level, exchanges can be made with greater confidence on the part of the real estate broker, the buyer, the seller, and the lender. In the crazy market we have just come through, however, only the seller could be free of fear and then only if he secured all cash.

#### REAL ESTATE MORTGAGES

For the fourth consecutive month real estate mortgage activity has declined, until in November it stood at a level 13.2 per cent above the long-term computed normal. In July mortgage activity had reached a peak 26.8 per cent above, but each succeeding month has shown a drop over the preceding month. Mortgage activity will probably sink further before it turns upward again and lower levels should be expected during the spring of next year.

Even after the drops of the last four months, the present level is above all preceding Novembers since 1928.

#### FORECLOSURES

The foreclosure rate is still dragging along the bottom of the chart. During the month of November foreclosures were proceeding at a rate of three per year per 100,000 families. At the bottom of the depression in 1933 foreclosures hit a peak of 84.6 per 100,000 families. The foreclosure rate has not yet given any indication of an impending real estate collapse.

#### RESIDENTIAL BUILDING

During October, the last month for which building figures are available, building permits were issued in all nonfarm areas of the United States



to cover 63,300 new dwelling units. This was the lowest number in the past seven months. It does not represent a seasonal drop, as October in four years of the last seven has had a larger number of permits issued than September. During the past twelve months permits have been issued covering 758,900 dwelling units. This includes all new family units for which permits must be secured.

Permanent dwelling units completed, both conventional and prefab, during 1946 at the end of October totaled 341,200, of which 30,300 were prefab. Through October of 1946 159,200 dwelling units were provided in temporary re-use, conversions and trailers. In October in all urban areas we were building at a rate of 24.2 new family accommodations per year per thousand families.

#### RENTS

We think that each succeeding month is bringing a revision of rent control more definitely into view. The temper of the public and of Congress

is such that it seems highly improbable that rent control will be continued without considerable modification after this next spring. Unless rent control is modified in the near future, the volume of new residential building will be very much below expectations.

#### BUSINESS ACTIVITY

There are two schools of thought at the present time. One group of economists measuring many basic factors maintains that 1947 will be a high-

ly profitable year, with volume equaling or exceeding 1946. The second school believes that readjustments have already started and that 1947 and probably part of 1948 will be a period in which prices are falling and considerable readjustments must be made in both employer and employee attitudes. This group of economists believes that we are fast leaving a seller's market and that during 1947 we will pass rather suddenly for many commodities and services into a buyer's market. It is our belief that the second opinion is the more likely to develop, and our forecasts on real estate are made with this basic assumption.

#### STOCK MARKET

If the assumption on general business as stated above is accepted, investing in the stock market at the present time is hazardous. There is, of

course, always the possibility that the major drop in stock prices has occurred and that the movement from here on out will be largely sideways and upward. On the other hand, there is still a strong possibility that further drops in the market may carry the general level to a lower point than has been reached in recent months. It seems to us that it will be better to watch the market from the sidelines during the next few months than to take part in the actual play.